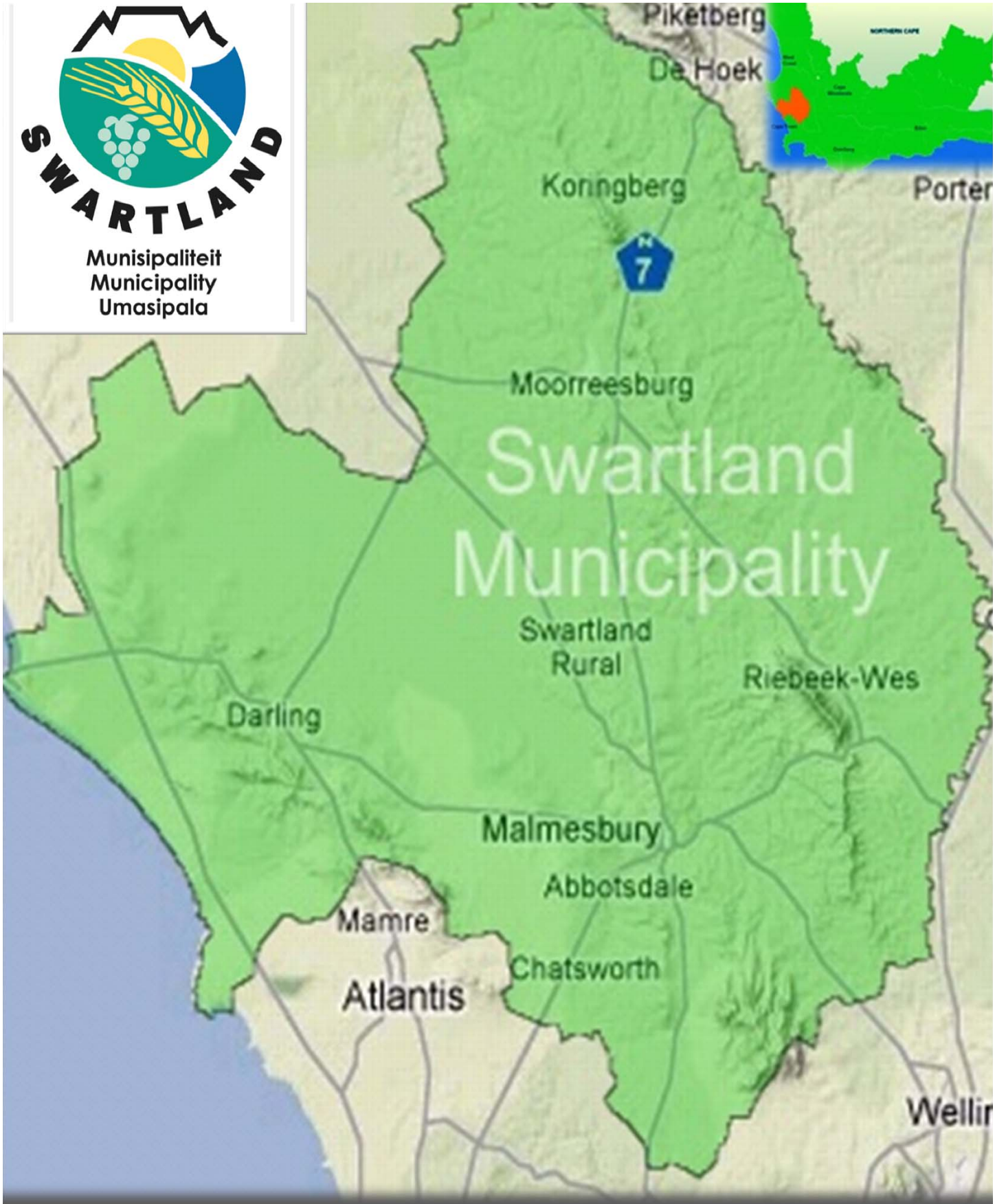
SWARTLAND

Munisipaliteit
Municipality
Umasipala



Annual Financial Statements 2013/2014

SWARTLAND MUNICIPALITY

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SWARTLAND MUNICIPALITY

GENERAL INFORMATION

Swartland Municipality (the municipality) is a catogory B, medium capacitly, local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed hereunder and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

MAYOR	Councillor T van Essen
DEPUTY MAYOR	Councillor M S I Goliath
SPEAKER	Councillor N J A Rust

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE:

Chairperson	Councillor T van Essen
Member	Councillor M S I Goliath
Member	Vakant
Member	Councillor M van Zyl
Member	Councillor Van der Westhuizen R F
Member	Councillor W Wilskut

CHAIRPERSONS OF THE PORTFOLIO COMMITTEES :

Administration and Finance Portfolio	Councillor M van Zyl
Community Safety Portfolio	Councillor M van Zyl
Development Services Portfolio	Councillor W Wilskut
Technical Services Portfolio	Councillor R F van der Westhuizen

MEMBERS OF THE FINANCIAL AUDIT COMMITTEE:

Chairperson	Mr J M Becker
Member	Ms M F Allie
Member	Mr C B de Jager
Member	Mr J J Scholtz

MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE:

Chairperson	Mr J M Becker
Member	Ms M F Allie
Member	Mr C B de Jager
Member	Mr A J B Dippenaar

GRADING OF THE LOCAL AUTHORITY: Grade 4

AUDITORS:

Auditor-General
1 st Floor East Block
Business Connexion Building
Ring Road
Century City
7441

Private Bag X 1
Chempet
7442

Telephone 021-528 4100
Fax 021-528 4201

BANKERS:

ABSA Bank
50 Voortrekker Road
MALMESBURY
7300

P.O. Box 75
MALMESBURY
7299

Telephone 022-482 7900
Fax 022-487 2026

REGISTERED OFFICE:

Church Street
MALMESBURY
7300

Private Bag X 52
MALMESBURY
7299

Telephone 022-487 9400
Fax 022-487 9440

MUNICIPAL MANAGER J J Scholtz

DIRECTOR: FINANCIAL SERVICES: K C Cooper

COUNCIL MEMBERS OF THE SWARTLAND MUNICIPALITY

Councillor	***Councillor***	***Councillor***	***Councillor***
Abrahams Z	Goliath M S I	Rust N J A	Van der Westhuizen R F
Cleophas J H	Humphreys F S	Sedeman A C	Van Essen T
Cloete C M	Vakant	Sneewe A M	Van Zyl M
Cox-Bruintjies Y S	Papers C H	Stanley B J	Wilskut W
Fortuin C	Philander D B	Stemele O M	Zatu N S
Geel B W	Rangasamy M	Van der Merwe J I	

SWARTLAND MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

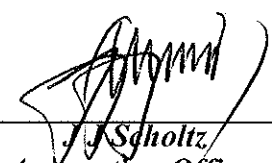
for the year ended

30 June 2014

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 108 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors and political office bearers as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



J J Scholtz
Accounting Officer

29 August 2014
Date

SWARTLAND MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Note	2014	2013 Restated
		R	R
ASSETS			
Current assets		**288,862,316**	**265,628,974**
Cash and Cash Equivalents	**2**	222,994,961	210,129,183
Receivables from Exchange Transactions	**3**	39,539,916	38,250,234
Receivables from Non-Exchange Transactions	**4**	17,043,512	10,143,250
Inventory	**5**	9,118,181	7,034,717
VAT Receivable	**6**	115,079	26,533
Operating lease receivable	**7**	29,802	20,700
Current Portion of Long-term Receivables	**13**	15,023	13,805
Current Portion of Finance Lease Receivables	**14**	5,842	10,552
Non-current assets		**1,791,849,340**	**1,782,198,575**
Property, plant and equipment	**8**	1,761,148,042	1,749,212,755
Investment property	**10**	28,541,839	31,362,707
Heritage Assets	**11**	767,266	767,266
Intangible Assets	**12**	1,159,776	458,432
Long- term receivables	**13**	213,875	228,899
Finance lease receivables	**14**	18,542	168,516
Total Assets		**2,080,711,656**	**2,047,827,549**
LIABILITIES			
Current liabilities		**75,435,233**	**65,168,919**
Payables from exchange transactions	**15**	55,052,100	44,804,908
Consumer deposits	**16**	7,963,228	6,896,298
Current Portion of long-term borrowings	**17**	3,652,282	5,118,444
Current portion of Finance lease liabilities	**17**	113,456	125,650
Current portion of Employee benefit liabilities	**19**	6,268,106	5,731,369
Unspent conditional grants and receipts	**20**	2,352,403	2,429,610
Operating lease liability	**7**	33,658	62,640
Non-current liabilities		**188,673,817**	**186,299,759**
Long-term borrowings	**17**	137,477,368	141,211,854
Finance lease liabilities	**17**	153,449	266,905
Employee benefit liabilities	**21**	51,043,000	44,821,000
Total Liabilities		**264,109,050**	**251,468,678**
NET ASSETS			
Total Net Assets		**1,816,602,606**	**1,796,358,871**
Statutory Funds	**22**	253,282	421,772
Reserves	**23**	87,000,000	90,702,790
Accumulated Surplus	**24**	1,729,349,324	1,705,234,309
Total Net Assets and Liabilities		**2,080,711,656**	**2,047,827,549**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2014 R	Restated Actual 2013 R
REVENUE			
Revenue from Non-exchange Transactions		**208,232,680**	**139,258,581**
Taxation Revenue		**70,550,894**	**67,274,115**
Property rates	**25**	70,550,894	67,274,115
Transfer Revenue		**110,459,305**	**65,668,164**
Government grants and subsidies: Operating	**26**	33,645,954	13,730,715
Government grants and subsidies: Capital	**26**	41,255,861	24,470,574
Unconditional Government grants	**26**	32,506,000	26,752,000
Public Contributions and donations	**27**	2,000,000	150,000
Other Contributions	**27**	938,590	484,000
Donated Property, Plant and Equipment		112,900	80,875
Other Revenue from non-exchange transactions		**27,222,481**	**6,316,302**
Fines	**28**	23,734,390	2,947,831
Licences and permits	**29**	3,488,091	3,225,095
Other		-	143,376
Revenue from Exchange Transactions		**290,868,242**	**270,551,065**
Operating Activities		**290,822,309**	**268,244,432**
Service charges	**30**	250,966,781	237,429,680
Rental of facilities and equipment	**31**	3,239,178	2,885,468
Interest earned - external investments	**32**	12,933,876	9,917,496
Interest earned - outstanding debtors	**32**	1,813,429	1,441,118
Income for agency services		2,725,004	2,495,733
Gains on Disposal of Property, Plant and Equipment		540,262	-
Other revenue from exchange transactions	**33**	18,603,779	14,074,937
Sale of Land Inventories		**45,933**	**2,306,633**
Revenue on sale of land		*169,355*	*2,471,660*
Cost of land sold		*123,422*	*165,027*
Total Revenue		**499,100,922**	**409,809,646**
EXPENDITURE			
Employee related costs	**34**	128,760,377	125,450,243
Remuneration of Councillors	**35**	7,702,905	6,703,224
Debt impairment	**3/4**	18,912,919	1,259,585
Depreciation and Amortisation	**36**	69,720,758	72,759,422
Asset impairment	**36**	202,394	2,159,398
Repairs and maintenance	**38**	17,061,326	15,695,584
Finance costs	**37**	15,107,407	8,485,935
Bulk purchases	**39**	145,166,216	137,412,595
Contracted services	**40**	3,352,498	3,095,766
Grants and subsidies paid	**41**	1,974,647	1,292,677
General expenses	**43**	61,773,662	37,170,204
Loss on disposal of property, plant and equipment		9,122,078	491,941
Total Expenditure		**478,857,187**	**411,976,574**
SURPLUS/(DEFICIT) FOR THE YEAR		**20,243,735**	**(2,166,928)**

SWARTLAND MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2014

	Statutory Fund R	Reserves R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 01 July 2012	481,582	-	1,797,974,779	1,798,456,361
Changes in accounting policy (Note 59) (a) i)	-	110,382,460	(110,382,460)	-
Correction of error (Note 59)	-	72,717	(3,279)	69,438
Restated balance	**481,582**	**110,455,177**	**1,687,589,040**	**1,798,525,799**
Restated Deficit for the year	-	-	(2,166,928)	(2,166,928)
Transfer to Capital Replacement Reserve	-	25,176,157	(25,176,157)	-
Property, plant and equipment purchased	-	(44,928,544)	44,928,544	-
Transfer to Statutory Fund	(59,810)	-	59,810	-
Restated Balance at 30 June 2013	**421,772**	**90,702,790**	**1,705,234,309**	**1,796,358,871**
Surplus for the year	-	-	20,243,735	20,243,735
Transfer to Capital Replacement Reserve	-	42,357,739	(42,357,739)	-
Property, plant and equipment purchased	-	(46,060,529)	46,060,529	-
Transfer to Statutory Fund	(168,490)	-	168,490	-
Balance at 30 June 2014	**253,282**	**87,000,000**	**1,729,349,324**	**1,816,602,606**

SWARTLAND MUNICIPALITY

STATEMENT OF CASHFLOWES FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013 Restated
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from ratepayers, government and other		475,018,604	395,380,544
Cash paid to suppliers and employees		(369,908,715)	(314,114,437)
Cash generated from operations	**44**	**105,109,889**	**81,266,107**
Interest received	**32**	12,933,876	9,917,496
Finance costs	**37**	(15,107,407)	(8,485,935)
NET CASH FROM OPERATING ACTIVITIES		**102,936,358**	**82,697,668**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**8**	(84,792,338)	(86,341,970)
Purchase of intangible assets	**12**	(660,696)	(261,802)
Purchase of investment properties	**10**	-	-
Heritage Assets	**11**	-	-
Proceeds on disposal of property, plant and equipment		540,262	1,550,109
Decrease in long- term receivables	**13/14**	168,490	59,810
NET CASH FROM INVESTING ACTIVITIES		**(84,744,282)**	**(84,993,853)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	82,204
Repayment of borrowings		(5,326,298)	(6,867,635)
NET CASH FROM FINANCING ACTIVITIES		**(5,326,298)**	**(6,785,431)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**12,865,778**	**(9,081,616)**
		12,865,778	**(9,081,616)**
Cash and cash equivalents at the beginning of the year		210,129,183	219,210,799
Cash and cash equivalents at the end of the year	**2**	222,994,961	210,129,183

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										2012/2013			
Description	Original Budget	Budget Adjustments	Final Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Actual Outcome
FINANCIAL POSITION														
ASSETS														
Current assets	**218,543,885**	**29,502,694**	**248,046,579**	**-**	**248,046,579**	**288,862,316**	**-**	**40,815,737**	**116.45**	**132.18**	**-**	**-**	**-**	**265,628,974**
Cash and Cash Equivalents	500,000	183,954,250	184,454,250	-	184,454,250	222,994,961	-	38,540,711	120.89	44,598.99	-	-	-	210,129,183
Investments	156,116,937	(156,116,937)	-	-	-	-	-	-	-	-	-	-	-	38,250,234
Receivables from Exchange Transactions	44,408,409	8,778	44,417,187	-	44,417,187	39,539,916	-	(4,877,271)	89.02	89.04	-	-	-	10,143,250
Receivables from Non-Exchange Transactions	12,038,039	-	12,038,039	-	12,038,039	17,043,512	-	5,005,473	141.58	141.58	-	-	-	7,034,717
Inventory	5,457,000	1,656,603	7,113,603	-	7,113,603	9,118,181	-	2,004,578	128.18	167.09	-	-	-	26,533
VAT Receivable	-	-	-	-	-	115,079	-	115,079	-	-	-	-	-	20,700
Operating Lease Assets	-	-	-	-	-	29,802	-	29,802	-	-	-	-	-	13,805
Current Portion of Long-term Receivables	23,500	-	23,500	-	23,500	15,023		(8,477)	63.93	63.93	-	-	-	10,552
Current Portion of Finance Lease Receivables	-	-	-	-	-	5,842	-	5,842	-	-	-	-	-	-
Non-current assets	**1,786,784,132**	**10,388,401**	**1,797,172,533**	**-**	**1,797,172,533**	**1,791,849,340**	**-**	**(5,323,193)**	**99.70**	**100.28**	**-**	**-**	**-**	**1,782,198,575**
Property, plant and equipment	1,751,681,279	11,570,557	1,763,251,836	-	1,763,251,836	1,761,148,042	-	(2,103,794)	99.88	100.54	-	-	-	1,749,212,755
Investment property	33,920,442	(1,790,044)	32,130,398	-	32,130,398	28,541,839	-	(3,588,559)	88.83	84.14	-	-	-	31,362,707
Heritage Assets	-	767,266	767,266	-	767,266	767,266	-	-	100.00	-	-	-	-	767,266
Intangible Assets	542,352	106,766	649,118	-	649,118	1,159,776	-	510,658	178.67	213.84	-	-	-	458,432
Long- term receivables	640,059	(266,144)	373,915	-	373,915	213,875	-	(160,040)	57.20	33.41	-	-	-	228,899
Finance lease receivables	-	-	-	-	-	18,542	-	18,542	-	-	-	-	-	168,516
Total Assets	**2,005,328,017**	**39,891,095**	**2,045,219,112**	**-**	**2,045,219,112**	**2,080,711,656**	**-**	**35,492,544**	**101.74**	**103.76**	**-**	**-**	**-**	**2,047,827,549**
LIABILITIES														
Current liabilities	**68,319,422**	**(1,771,536)**	**66,547,886**	**-**	**66,547,886**	**75,435,233**	**-**	**8,887,347**	**113.35**	**110.42**	**-**	**-**	**-**	**65,168,919**
Payables from exchange transactions	48,086,586	-	48,086,586	-	48,086,586	55,052,100	-	6,965,514	114.49	114.49	-	-	-	44,804,908
Consumer deposits	7,212,491	-	7,212,491	-	7,212,491	7,963,228	-	750,737	110.41	110.41	-	-	-	6,896,298
Current Portion of long-term borrowings	3,752,282	-	3,752,282	-	3,752,282	3,652,282	-	(100,000)	97.33	97.33	-	-	-	5,118,444
Current portion of Finance lease liabilities	-	-	-	-	-	113,456	-	113,456	-	-	-	-	-	125,650
Current portion of Employee benefit liabilities	-	-	-	-	-	6,268,106	-	6,268,106	-	-	-	-	-	5,731,369
Unspent conditional grants and receipts	3,438,063	(1,771,536)	1,666,527	-	1,666,527	2,352,403	-	685,876	141.16	68.42	-	-	-	2,429,610
Operating lease liability	-	-	-	-	-	33,658	-	33,658	-	-	-	-	-	62,640
Provisions	5,830,000	-	5,830,000	-	5,830,000	-	-	(5,830,000)	-	-	-	-	-	-
Non-current liabilities	**174,805,596**	**11,481,677**	**186,287,273**	**-**	**186,287,273**	**188,673,817**	**-**	**2,386,544**	**101.28**	**107.93**	**-**	**-**	**-**	**186,299,759**
Long-term borrowings	137,883,133	(238,861)	137,644,272	-	137,644,272	137,477,368	-	(166,904)	99.88	99.71	-	-	-	141,211,854
Finance lease liabilities	-	-	-	-	-	153,449	-	153,449	0.00	0.00	-	-	-	266,905
Employee benefit liabilities	36,922,463	11,720,538	48,643,001	-	48,643,001	51,043,000	-	2,399,999	104.93	138.24	-	-	-	44,821,000
Total Liabilities	**243,125,018**	**9,710,141**	**252,835,159**	**-**	**252,835,159**	**264,109,050**	**-**	**11,273,891**	**104.46**	**108.63**	**-**	**-**	**-**	**251,468,678**
NET ASSETS														
Total Net Assets	**1,762,202,999**	**30,180,954**	**1,792,383,953**	**-**	**1,792,383,953**	**1,816,602,606**	**-**	**24,218,653**	**101.35**	**103.09**	**-**	**-**	**-**	**1,796,358,871**
Statutory Funds	481,582	(59,810)	421,772	-	421,772	253,282	-	(168,490)	60.05	52.59	-	-	-	421,772
Reserves	101,643,158	(101,643,158)	-	-	-	87,000,000	-	87,000,000	-	85.59	-	-	-	90,702,790
Accumulated Surplus	1,660,078,259	131,883,922	1,791,962,181	-	1,791,962,181	1,729,349,324	-	(62,612,857)	96.51	104.17	-	-	-	1,705,234,309
	2,005,328,017	**39,891,095**	**2,045,219,112**	**-**	**2,045,219,112**	**2,080,711,656**	**-**	**35,492,544**	**101.74**	**103.76**	**-**	**-**	**-**	**2,047,827,549**

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										2012/2013			
Description	**Original Budget**	**Budget Adjustments**	**Final Adjustment Budget**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Actual Outcome**
FINANCIAL PERFORMANCE														
REVENUE														
Property rates	69,013,777	-	69,013,777	-	69,013,777	70,550,894	-	1,537,117	102.23	102.23	-	-	-	67,274,115
Government grants and subsidies: Operating	21,123,000	16,748,945	37,871,945	-	37,871,945	33,645,954	-	(4,225,991)	88.84	159.29	-	-	-	13,730,715
Unconditional Government grants:	32,506,000	-	32,506,000	-	32,506,000	32,506,000	-	-	100.00	100.00	-	-	-	26,752,000
Public Contributions and donations	-	4,775,000	4,775,000	-	4,775,000	2,000,000	-	(2,775,000)	41.88	-	-	-	-	150,000
Other Contributions	-	-	-	-	-	938,590	-	938,590	-	-	-	-	-	484,000
Donated Property, Plant and Equipment	-	-	-	-	-	112,900	-	112,900	-	-	-	-	-	80,875
Sale of Land Inventories	-	-	-	-	-	45,933	-	45,933	-	-	-	-	-	2,306,633
Fines	4,039,205	-	4,039,205	-	4,039,205	23,734,390	-	19,695,185	587.60	587.60	-	-	-	2,947,831
Licences and permits	3,006,913	-	3,006,913	-	3,006,913	3,488,091	-	481,178	116.00	116.00	-	-	-	3,225,095
Income for agency services	2,538,888	-	2,538,888	-	2,538,888	2,725,004	-	186,116	107.33	107.33	-	-	-	2,495,733
Service charges	255,974,676	(1,900,417)	254,074,259	(12,530)	254,061,729	250,966,781	-	(3,094,948)	98.78	98.04	-	-	-	237,429,680
Rental of facilities and equipment	3,088,101	-	3,088,101	-	3,088,101	3,239,178	-	151,077	104.89	104.89	-	-	-	2,885,468
Interest earned - external investments	10,819,689	-	10,819,689	-	10,819,689	12,933,876	-	2,114,187	119.54	119.54	-	-	-	9,917,496
Interest earned - outstanding debtors	1,275,963	-	1,275,963	-	1,275,963	1,813,429	-	537,466	142.12	142.12	-	-	-	1,441,118
Gains on Disposal of Property, Plant and Equipment	200,000	-	200,000	-	200,000	540,262	-	340,262	270.13	270.13	-	-	-	-
Other revenue	11,620,777	-	11,620,777	12,530	11,633,307	18,603,779	-	6,970,472	159.92	160.09	-	-	-	14,218,313
Total Revenue (excluding capital transfers)	**415,206,989**	**19,623,528**	**434,830,517**	**-**	**434,830,517**	**457,845,061**	**-**	**23,014,544**	**105.29**	**110.27**	**-**	**-**	**-**	**385,339,072**
EXPENDITURE														
Employee related costs	127,811,354	1,781,567	129,592,921	348,100	129,941,021	128,760,377	-	(1,180,644)	99.09	100.74	-	-	-	125,450,243
Remuneration of Councillors	7,526,430	-	7,526,430	-	7,526,430	7,702,905	-	176,475	102.34	102.34	-	-	-	6,703,224
Debt impairment	10,747,792	-	10,747,792	-	10,747,792	18,912,919	-	8,165,127	175.97	175.97	-	-	-	1,259,585
Depreciation and Amortisation	73,826,227	-	73,826,227	-	73,826,227	69,720,758	-	(4,105,469)	94.44	94.44	-	-	-	72,759,422
Asset impairment	278,250	721,750	1,000,000	-	1,000,000	202,394	-	(797,606)	20.24	72.74	-	-	-	2,159,398
Repairs and maintenance	18,128,670	402,378	18,531,048	157,293	18,688,341	17,061,326	-	(1,627,015)	91.29	94.11	-	-	-	15,695,584
Interest paid	15,095,574	-	15,095,574	-	15,095,574	15,107,407	-	11,833	100.08	100.08	-	-	-	8,485,935
Bulk purchases	150,625,024	-	150,625,024	-	150,625,024	145,166,216	-	(5,458,808)	96.38	96.38	-	-	-	137,412,595
Contracted services	3,453,489	24,000	3,477,489	(49,000)	3,428,489	3,352,498	-	(75,991)	97.78	97.08	-	-	-	3,095,766
Grants and subsidies paid	2,083,420	-	2,083,420	-	2,083,420	1,974,647	-	(108,773)	94.78	94.78	-	-	-	1,292,677
General expenses	55,268,481	15,088,507	70,356,988	(456,393)	69,900,595	61,773,662	-	(8,126,933)	88.37	111.77	-	-	-	37,170,204
Loss on disposal of property, plant and equipment	5,263,473	(3,475,473)	1,788,000	-	1,788,000	9,122,078	-	7,334,078	510.18	173.31	-	-	-	491,941
Total Expenditure	**470,108,184**	**14,542,729**	**484,650,913**	**-**	**484,650,913**	**478,857,187**	**-**	**(5,793,726)**	**98.80**	**101.86**	**-**	**-**	**-**	**411,976,574**
Surplus/(Deficit)	(54,901,195)	5,080,799	(49,820,396)	-	(49,820,396)	(21,012,126)	-	28,808,270	-	38.27	-	-	-	(26,637,502)
Transfers recognised - capital	42,868,000	5,506,361	48,374,361	-	48,374,361	41,255,861	-	(7,118,500)	85.28	96.24	-	-	-	24,470,574
Surplus/(Deficit) after capital transfers	**(12,033,195)**	**10,587,160**	**(1,446,035)**	**-**	**(1,446,035)**	**20,243,735**	**-**	**21,689,770**	**(1,399.95)**	**(168.23)**	**-**	**-**	**-**	**(2,166,928)**

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										2012/2013			
Description	**Original Budget**	**Budget Adjustments**	**Final Adjustment Budget**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Actual Outcome**
OPERATING REVENUE BY VOTE														
Civil Services: Administration	-	-	-	-	-	15,222	-	15,222	-	-				
Cemeteries	395,300	-	395,300	-	395,300	458,532	-	63,232	116.00	116.00	-	-	-	395,816
Municipal Property Maintenance	484,445	-	484,445	-	484,445	5,359,370	-	4,874,925	1,106.29	1,106.29	-	-	-	692,507
Parks And Recreational Areas	-	-	-	-	-	269,323	-	269,323	-	-	-	-	-	360,690
Proclaimed Roads	295,232	-	295,232	-	295,232	301,002	-	5,770	101.95	101.95	-	-	-	292,342
Refuse Removals	26,733,603	(12,612)	26,720,991	-	26,720,991	27,269,796	-	548,805	102.05	102.01	-	-	-	25,652,729
Sewerage Services	37,619,915	(96,175)	37,523,740	(177,000)	37,346,740	39,661,802	-	2,315,062	106.20	105.43	-	-	-	34,576,960
Sportsgrounds	80,120	-	80,120	-	80,120	74,052	-	(6,068)	92.43	92.43	-	-	-	84,592
Streets And Stormwater	62,010	-	62,010	-	62,010	522,325	-	460,315	842.32	842.32	-	-	-	324,645
Swimming Pools	184,633	-	184,633	-	184,633	152,922	-	(31,711)	82.82	82.82	-	-	-	171,233
Water Distribution	37,367,079	(73,527)	37,293,552	-	37,293,552	36,465,028	-	(828,524)	97.78	97.59	-	-	-	35,164,187
Corporate Services: Administration	62,757	-	62,757	-	62,757	183,537	-	120,780	292.46	292.46	-	-	-	126,605
Human Resources	528,439	-	528,439	-	528,439	293,261	-	(235,178)	55.50	55.50	-	-	-	473,503
Libraries	5,307,205	-	5,307,205	-	5,307,205	5,368,505	-	61,300	101.16	101.16	-	-	-	4,760,656
Marketing And Tourism	19,560	-	19,560	-	19,560	19,753	-	193	100.99	100.99	-	-	-	18,456
Town And Community Halls	216,000	-	216,000	-	216,000	221,580	-	5,580	102.58	102.58	-	-	-	230,101
Council General Expenses	3,195,000	100,000	3,295,000	-	3,295,000	3,535,595	-	240,595	107.30	110.66	-	-	-	3,073,826
Grants And Subsidies - General	56,671,000	26,874,506	83,545,506	-	83,545,506	70,092,476	-	(13,453,030)	83.90	123.68	-	-	-	31,756,905
Distribution	180,513,902	(1,718,103)	178,795,799	177,000	178,972,799	175,967,613	-	(3,005,186)	98.32	97.48	-	-	-	166,854,696
IT Services	-	55,800	55,800	-	55,800	-	-	(55,800)	-	-				1,247
Financial Services: Administration	20,009,601	-	20,009,601	-	20,009,601	23,060,058	-	3,050,457	115.24	115.24	-	-	-	20,061,876
Grants And Subsidies - Fmg	1,300,000	-	1,300,000	-	1,300,000	1,300,130	-	130	100.01	100.01	-	-	-	1,230,516
Rates Services	72,156,500	-	72,156,500	-	72,156,500	73,693,617	-	1,537,117	102.13	102.13	-	-	-	70,078,232
Stores And Purchasing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Services: Administration	714	-	714	-	714	747	-	33	104.62	104.62	-	-	-	1,364
Caravan Parks - Yzerfontein	2,196,860	-	2,196,860	-	2,196,860	2,275,032	-	78,172	103.56	103.56	-	-	-	2,022,352
Community Development	-	-	-	-	-	-	-	-	-	-	-	-	-	223,046
Multi- Purpose Centres	218,000	-	218,000	-	218,000	-	-	(218,000)	-	-	-	-	-	-
Planning and Valuations	362,161	-	362,161	-	362,161	368,631	-	6,470	101.79	101.79	-	-	-	446,579
Building Control	1,445,844	-	1,445,844	-	1,445,844	1,553,435	-	107,591	107.44	107.44	-	-	-	1,530,295
Housing	262,954	-	262,954	-	262,954	225,691	-	(37,263)	85.83	85.83	-	-	-	240,953
Fire Fighting	12	-	12	-	12	12	-	-	100.00	100.00	-	-	-	12
Harbour Yzerfontein	280,048	-	280,048	-	280,048	33,701	-	(246,347)	12.03	12.03	-	-	-	234,615
Licensing And Traffic Services	5,545,387	-	5,545,387	-	5,545,387	6,255,965	-	710,578	112.81	112.81	-	-	-	5,720,811
Policing And Law Enforcement	4,560,708	-	4,560,708	-	4,560,708	24,102,209	-	19,541,501	528.48	528.48	-	-	-	3,007,299
	458,074,989	**25,129,889**	**483,204,878**	**-**	**483,204,878**	**499,100,922**	**-**	**15,896,044**			**-**	**-**	**-**	**409,809,646**

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										2012/2013			
Description	**Original Budget**	**Budget Adjustments**	**Final Adjustment Budget**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Actual Outcome**
OPERATING EXPENDITURE BY VOTE														
Civil Ser vices: Administration	2,653,992	-	2,653,992	30,606	2,684,598	2,893,297	208,699	208,699	107.77	109.02	153,836	153,836	-	2,665,851
Cemeteries	415,881	9,453	425,334	(44,704)	380,630	303,189	-	(77,441)	79.65	72.90	-	-	-	354,155
Municipal Property Maintenance	9,413,469	8,567	9,422,036	69,610	9,491,646	12,359,939	2,868,293	2,868,293	130.22	131.30	2,782,043	2,782,043	-	13,223,953
Parks And Recreational Areas	8,732,908	(12,174)	8,720,734	194,836	8,915,570	8,662,853	-	(252,717)	97.17	99.20	-	-	-	7,919,092
Proclaimed Roads	264,068	-	264,068	(10,061)	254,007	253,487	-	(520)	99.80	95.99	-	-	-	271,959
Refuse Removals	23,773,899	643,646	24,417,545	381,735	24,799,280	22,704,611	-	(2,094,669)	91.55	95.50	-	-	-	21,755,034
Sewerage Services	38,320,225	447,239	38,767,464	143,452	38,910,916	31,964,430	-	(6,946,486)	82.15	83.41	-	-	-	28,987,205
Sportsgrounds	3,092,130	24,808	3,116,938	(3,296)	3,113,642	3,062,873	-	(50,769)	98.37	99.05	1,500,197	1,500,197	-	5,087,765
Streets And Stormwater	43,936,448	124,921	44,061,369	365,722	44,427,091	43,598,074	-	(829,017)	98.13	99.23	-	-	-	42,561,780
Swimming Pools	1,413,929	(91)	1,413,838	70,000	1,483,838	1,329,158	-	(154,680)	89.58	94.00	-	-	-	1,711,377
Water Distribution	44,448,904	575,578	45,024,482	258,946	45,283,428	42,880,731	-	(2,402,697)	94.69	96.47	-	-	-	40,099,929
Corporate Services: Administration	6,372,169	507,873	6,880,042	(13,803)	6,866,239	6,897,480	31,241	31,241	100.45	108.24	-	-	-	6,819,148
Human Resources	3,119,886	44,907	3,164,793	(35,900)	3,128,893	3,152,620	23,727	23,727	100.76	101.05	-	-	-	2,485,136
Libraries	4,739,624	(2,462)	4,737,162	(3,883)	4,733,279	4,680,787	-	(52,492)	98.89	98.76	167,570	167,570	-	4,791,549
Marketing And Tourism	962,467	(260)	962,207	(1,840)	960,367	992,602	32,235	32,235	103.36	103.13	93,932	93,932	-	1,122,429
Town And Community Halls	2,604,928	(5,588)	2,599,340	(10,000)	2,589,340	2,631,421	42,081	42,081	101.63	101.02	28,733	28,733	-	2,533,070
Council General Expenses	12,427,855	(272,043)	12,155,812	110,278	12,266,090	11,891,343	-	(374,747)	96.94	95.68	-	-	-	9,620,137
Grants And Subsidies - General	14,308,000	16,478,146	30,786,146	(490,000)	30,296,146	25,400,835	-	(4,895,311)	83.84	177.53	-	-	-	3,625,466
Distribution	161,662,212	336,232	161,998,444	(280,244)	161,718,200	154,304,602	-	(7,413,598)	95.42	95.45	-	-	-	141,974,414
Financial Services: Administration	31,931,690	(5,336,533)	26,595,157	(1,076,750)	25,518,407	30,207,360	4,688,953	4,688,953	118.37	94.60	-	-	-	21,523,542
Grants And Subsidies - Fmg	1,299,999	-	1,299,999	-	1,299,999	1,300,981	982	982	100.08	100.08	-	-	-	1,230,516
Grants And Subsidies -	-	-	-	-	-	(2,408)	-	(2,408)	-	-	1,350	1,350	-	1,350
Stores And Purchasing	3,906,006	(2,265)	3,903,741	(1,885)	3,901,856	3,740,351	-	(161,505)	95.86	95.76	34,429	34,429	-	3,783,641
Development Services: Administration	1,702,114	-	1,702,114	(35,730)	1,666,384	1,472,303	-	(194,081)	88.35	86.50	348,737	348,737	-	2,143,513
Caravan Parks - Yzerfontein	1,116,249	30,034	1,146,283	20,858	1,167,141	1,152,096	-	(15,045)	98.71	103.21	-	-	-	1,306,957
Community Development	1,361,535	7,906	1,369,441	40,500	1,409,941	1,386,774	-	(23,167)	98.36	101.85	12,216	12,216	-	1,748,429
Multi- Purpose Centres	986,872	(6,370)	980,502	(91,530)	888,972	662,816	-	(226,156)	74.56	67.16	-	-	-	-
Planning and Valuations	4,116,461	-	4,116,461	(3,407)	4,113,054	4,001,432	-	(111,622)	97.29	97.21	-	-	-	4,080,118
Building Control	1,682,727	-	1,682,727	19,537	1,702,264	1,803,682	101,418	101,418	105.96	107.19	124,980	124,980	-	1,695,192
Housing	1,331,859	10,183	1,342,042	9,000	1,351,042	1,479,056	128,014	128,014	109.48	111.05	123,512	123,512	-	1,360,516
Occupational Health And Safety	856,401	16,000	872,401	44,370	916,771	920,561	3,790	3,790	100.41	107.49	115,644	115,644	-	999,888
Municipal Manager: Administration	3,253,217	-	3,253,217	-	3,253,217	3,050,498	-	(202,719)	93.77	93.77	49,666	49,666	-	2,832,786
Internal Audit	1,121,168	(150,000)	971,168	-	971,168	887,714	-	(83,454)	91.41	79.18	-	-	-	681,619
IT Services	5,898,243	223,456	6,121,699	5,000	6,126,699	5,957,555	-	(169,144)	97.24	101.01	-	-	-	5,370,100
Protection Services: Administration	1,272,938	-	1,272,938	67,000	1,339,938	1,301,085	-	(38,853)	97.10	102.21	16,890	16,890	-	1,214,024
Civil Protection	120,000	-	120,000	110,000	230,000	227,774	-	(2,226)	99.03	189.81	-	-	-	139,817
Fire Fighting	2,536,003	292,404	2,828,407	177,723	3,006,130	2,742,646	-	(263,484)	91.24	108.15	-	-	-	2,596,684
Harbour Yzerfontein	635,956	(20)	635,936	(229,324)	406,612	177,751	-	(228,861)	43.72	27.95	-	-	-	668,238
Licensing And Traffic Services	5,516,344	139,796	5,656,140	95,450	5,751,590	6,280,789	529,199	529,199	109.20	113.86	955,000	955,000	-	6,253,960
Policing And Law Enforcement	16,799,408	409,386	17,208,794	117,734	17,326,528	30,142,039	12,815,511	12,815,511	173.96	179.42	-	-	-	14,736,235
	470,108,184	**14,542,729**	**484,650,913**	**-**	**484,650,913**	**478,857,187**	**21,474,143**	**(5,793,726)**			**6,508,735**	**6,508,735**	**-**	**411,976,574**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(12,033,195)**	**10,587,160**	**(1,446,035)**	**-**	**(1,446,035)**	**20,243,735**	**(21,474,143)**	**21,689,770**						**(2,166,928)**

The operational budget was overspent by an amount of R 21 474 143 mainly due to the significant increase in the value of the Post- Employment Medical- Aid Benifits resulting in the increase in the contribution to the provision which were more than the amount budgeted for. The budget for Post-Employment Medical- Aid Benifits were based on the previous year's actuarial calculation. The introdution of GRAP 23 and the new method of treating traffic fines contributed the amount of R 16 002 718 to the unauthorised expenditure. Vesting of properties in the name of council amounted to R 4 731 032 which were not budgeted for.

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										2012/2013			
Description	**Original Budget**	**Budget Adjustments**	**Final Adjustment Budget**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Actual Outcome**
CAPITAL EXPENDITURE BY VOTE														
Civil Services: Administration	109,009	-	109,009	-	109,009	105,514	-	(3,495)	96.79	96.79	-	-	-	165,543
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	377,472
Municipal Property Maintenance	75,000	123,000	198,000	60,770	258,770	255,420	-	(3,350)	98.71	340.56	-	-	-	1,572,712
Parks And Recreational Areas	-	-	-	-	-	-	-	-	-	-	-	-	-	863,883
Refuse Removals	4,553,340	(1,075,829)	3,477,511	(60,770)	3,416,741	4,902,556	1,485,815	1,485,815	143.49	107.67	-	-	-	2,045,323
Sewerage Services	35,508,755	3,000,830	38,509,585	(3,494,000)	35,015,585	34,903,532	-	(112,053)	99.68	98.30	1,216,172	1,216,172	-	32,314,784
Sportsgrounds	900,000	105,000	1,005,000	52,303	1,057,303	1,037,942	-	(19,361)	98.17	115.33	-	-	-	1,200,273
Streets And Stormwater	19,706,348	720,000	20,426,348	(11,407,803)	9,018,545	8,951,498	-	(67,047)	99.26	45.42	-	-	-	12,997,148
Water Distribution	5,428,700	290,000	5,718,700	(2,620,500)	3,098,200	2,984,431	-	(113,769)	96.33	54.98	-	-	-	9,181,800
Corporate Services: Administration	25,000	-	25,000	-	25,000	23,401	-	(1,599)	93.60	93.60	-	-	-	80,877
Libraries	355,000	-	355,000	1,300	356,300	333,319	-	(22,981)	93.55	93.89	-	-	-	-
Town and Community Halls	48,000	-	48,000	(1,300)	46,700	46,700	-	-	100.00	97.29	-	-	-	-
Council General Expenses	815,000	300,000	1,115,000	(15,000)	1,100,000	1,075,109	-	(24,891)	97.74	131.92	-	-	-	1,204
Distribution	11,300,000	-	11,300,000	-	11,300,000	11,275,909	-	(24,091)	99.79	99.79	-	-	-	16,630,731
Financial Services: Administration	28,967	1,836,957	1,865,924	-	1,865,924	888,479	-	(977,445)	47.62	3,067.21	-	-	-	144,713
Development Services: Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	723,104
Community Development	3,148,390	(3,000,000)	148,390	(22,000)	126,390	122,958	-	(3,432)	97.28	3.91	-	-	-	-
Housing	-	5,574,361	5,574,361	17,470,000	23,044,361	16,902,843	-	(6,141,518)	73.35	-	-	-	-	6,651,735
Municipal Manager: Administration	10,000	-	10,000	(8,000)	2,000	1,453	-	(547)	72.65	14.53	-	-	-	20,387
It Services	1,215,000	76,760	1,291,760	45,000	1,336,760	1,304,592	-	(32,168)	97.59	107.37	-	-	-	833,963
Protection Services: Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	201,048
Fire Fighting	-	-	-	-	-	-	-	-	-	-	-	-	-	76,171
Licensing And Traffic Services	-	-	-	-	-	-	-	-	-	-	-	-	-	89,557
Policing And Law Enforcement	253,000	100,000	353,000	-	353,000	337,380	-	(15,620)	95.57	133.35	-	-	-	521,598
Total capital expenditure by vote	**83,479,509**	**8,051,079**	**91,530,588**	**-**	**91,530,588**	**85,453,034**	**1,485,815**	**(6,077,552)**			**1,216,172**	**1,216,172**	**-**	**86,694,027**
Funding Sources														
Transfers recognised - capital	42,868,000	2,679,361	45,547,361	-	45,547,361	41,221,195	-	(4,326,166)	90.50	96.16	-	-	-	25,666,330
Public contributions & donations	-	2,000,000	2,000,000	-	2,000,000	2,938,590	938,590	938,590	146.93	-	-	-	-	230,875
Borrowing	8,948,655	(8,948,655)	-	-	-	-	-	-	-	-	-	-	-	16,002,274
Internally generated funds	31,662,854	12,320,373	43,983,227	-	43,983,227	41,293,249	-	(2,689,978)	93.88	130.42	-	-	-	44,794,548
Total sources of capital funds	**83,479,509**	**8,051,079**	**91,530,588**	**-**	**91,530,588**	**85,453,034**	**938,590**	**(6,077,554)**			**-**	**-**	**-**	**86,694,027**

The capital budget was overspent by R 1 4856 515 due to one of the municipality's High Compaction Refuse Truck that was stolen and written-off in an accident on 24 February 2014. Due to a service-delivery requirement, a management discission was taken to replace the refuse truck planned for in the 2014/15 capital budget earlier. Authorisation for the overspending will be obtained in the adjustments budget of 2014/15.

SWARTLAND MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										2012/2013			
Description	**Original Budget**	**Budget Adjustments**	**Final Adjustment Budget**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Restated Outcome**
CASH FLOWS														
CASH FLOW FROM OPERATING ACTIVITIES														
Cash receipts from ratepayers, government and other	434,307,511	14,468,511	448,776,022	-	448,776,022	475,018,604	-	26,242,582	-	-	-	-	-	395,380,544
Cash paid to suppliers and employees	(356,501,730)	(17,357,003)	(373,858,733)	-	(373,858,733)	(369,908,715)	-	3,950,018	-	-	-	-	-	(314,114,437)
Cash generated from operations	**77,805,781**	**(2,888,492)**	**74,917,289**	**-**	**74,917,289**	**105,109,889**	**-**	**30,192,600**	**-**	**-**	**-**	**-**	**-**	**81,266,107**
Interest received	10,819,689	-	10,819,689	-	10,819,689	12,933,876	-	2,114,187	-	-	-	-	-	9,917,496
Finance costs	(15,095,575)	-	(15,095,575)	-	(15,095,575)	(15,107,407)	-	(11,832)	-	-	-	-	-	(8,485,935)
NET CASH FROM OPERATING ACTIVITIES	**73,529,895**	**(2,888,492)**	**70,641,403**	**-**	**70,641,403**	**102,936,358**	**-**	**32,294,955**	**-**	**-**	**-**	**-**	**-**	**82,697,668**
CASH FLOWS FROM INVESTING ACTIVITIES														
Purchase of property, plant and equipment	(83,479,509)	(8,051,079)	(91,530,588)	-	(91,530,588)	(84,792,338)	-	6,738,250	-	-	-	-	-	(86,341,970)
Purchase of intangible assets	-	-	-	-	-	(660,696)	-	(660,696)	-	-	-	-	-	(261,802)
Purchase of investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	200,000	-	200,000	-	200,000	540,262	-	340,262	-	-	-	-	-	1,550,109
Decrease in long- term receivables	23,500	857	24,357	-	24,357	168,490	-	144,133	-	-	-	-	-	59,810
Increase in investments			-	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM INVESTING ACTIVITIES	**(83,256,009)**	**(8,050,222)**	**(91,306,231)**	**-**	**(91,306,231)**	**(84,744,282)**	**-**	**6,561,949**	**-**	**-**	**-**	**-**	**-**	**(84,993,853)**
CASH FLOWS FROM FINANCING ACTIVITIES														
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	82,204
Repayment of borrowings	(5,300,648)	(25,650)	(5,326,298)	-	(5,326,298)	(5,326,298)	-	-	-	-	-	-	-	(6,867,635)
Increase (decrease) in consumer deposits	471,845	(155,652)	316,193	-	316,193	-	-	(316,193)	-	-	-	-	-	-
NET CASH FROM FINANCING ACTIVITIES	**(4,828,803)**	**(181,302)**	**(5,010,105)**	**-**	**(5,010,105)**	**(5,326,298)**	**-**	**(316,193)**	**-**	**-**	**-**	**-**	**-**	**(6,785,431)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(14,554,917)**	**(11,120,016)**	**(25,674,933)**	**-**	**(25,674,933)**	**12,865,778**	**-**	**38,540,711**	**-**	**-**	**-**	**-**	**-**	**(9,081,616)**
Cash and cash equivalents at the beginning of the year	171,171,855	38,957,328	210,129,183	-	210,129,183	210,129,183	-	-	-	-	-	-	-	219,210,799
Cash and cash equivalents at the end of the year	156,616,938	27,837,312	184,454,250	-	184,454,250	222,994,961	-	38,540,711	-	-	-	-	-	210,129,183
	14,554,917	**11,120,016**	**25,674,933**	**-**	**25,674,933**	**(12,865,778)**	**-**	**(38,540,711)**	**-**	**-**	**-**	**-**	**-**	**9,081,616**

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. 1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where otherwise indicated.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

1. 1. 1 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1. 1. 1. 1 Revenue Recognition

Accounting Policy 1.12.2 on *Revenue from Exchange Transactions* and Accounting Policy 1.12.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 1. 1. 2 Financial assets and liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 1.8.1 on Financial Assets and Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments* .

1. 1. 1. 3 Impairment of Financial Assets

Accounting Policy 1.8.3 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

1. 1. 1. 4 Impairment of Trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.This was performed per service-identifiable categories across all classes of debtors. This is performed per service-identifiable categories across all classes of debtors. The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3 and 4 to the Annual Financial Statements.

1. 1. 1. 5 Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible asses, Heritage assets and Inventories

As described in Accounting Policies 1.3.3, 1.5.2 and 1.6.2 the municipality depreciates / amortises its property, plant and equipment, intangible assets and investment property over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. 1 BASIS OF PRESENTATION (continued)

1. 1. 1 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1 1. 1. 5 Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible asses, Heritage assets and Inventories (continued)

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Accounting Policy 1.7 on *Impairment of assets* and Accounting Policy 1.10.2 on *Inventory - Subsequent measurement* describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing and write down of Inventories to Net Realisable Values (NRV). Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of Cash generating Assets* and GRAP 26: *Impairment of non-Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE, intangible assets and the NRV for inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventory are disclosed in Notes 8, 10, 11, 12 and 5 to the Annual Financial Statements, if applicable.

1. 1. 1. 6 Water inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Note 5 to the Annual Financial Statements.

1. 1. 1. 7 Defined Benefit Plan Liabilities

As described in Accounting Policy 1.15, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 19 and 21 to the Annual Financial Statements.

1. 1. 1. 8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 3 and 4 and in note 59.

1. 1. 1. 9 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in APPENDIX E(1) and E(2)

1. 1. 2 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 1. 3 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. 1. 4 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 1. 5 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Accounting Policies have been consistently applied, except where otherwise indicated:

1. 1 BASIS OF PRESENTATION (continued)

1. 1. 5 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS (continued)

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an accounting policy only in the following instances:
(a) if it is required by a Standard of GRAP; or
(b) if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

Changes in accounting policies that are effected by management are applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 59 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 59 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

The Minister of Finance announced that the application of GRAP 25 will be effective for period starting after 1 April 2013. Thus for the 2013/14 year the Municipality adopts GRAP 25. The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

GRAP 25 was inspected and it was found that the standard must be applied prospectively. There is however no effect on prior year (comparative) figures and no retrospective adjustment is required.

1. 1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards were issued but are not yet effective and have not been early adopted by the municipality. The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

GRAP 18 Segment Reporting - issued March 2005
GRAP 32 Service Concession Arrangement Grantor - issued December 2009
GRAP 105 Transfers between entities under common control - issued November 2010
GRAP 106 Transfers between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010
GRAP 108 Statutory Receivables - issued December 2009

Standards as listed above will only be effective when a date is announced by the Minister of Finance.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality as, either the information to a large extent is already included in the notes to the annual financial statements, or the Municipality does not participate in such business transactions.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality resolved to early adopt the GRAP 20: Related Parties, which had been issued but was not yet effective during the 2013/2014 financial period. GRAP 20 replaces the IPSAS 20 standard on related party disclosure previously used. No significant impact on the financial statements of the Municipality is expected.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. 2 NET ASSETS

Included in the net assets of the municipality, are the following statutory funds and reserves, apart from the Accumulated Surplus, that are maintained in terms of specific requirements.

1. 2. 1 Statutory Fund: Housing

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

1. 2. 2 Reserve: Capital Replacement

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR.

At 30 June 2013, the Capital Replacement Reserve was reported under Accumulated Surplus. However, the decision was made by management that this reserve will be reported separate from the other internal funds and reserves which are ring-fenced within the Accumulated Surplus. The effect of this change in accounting policy is set out in note 23 to the Annual Financial Statements.

1. 2. 3 Accumulated surplus reserves

1. 2. 3. 1 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of Property, Plant and Equipment were transferred to a Capitalisation Reserve rather than the Accumulated Surplus/(Deficit) in terms of a directive (Circular No 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of Property, Plant and Equipment are offset by transfers from this Reserve to the Accumulated Surplus/(Deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of Property, Plant and Equipment financed from the former legislated funds. When items of Property, Plant and Equipment are depreciated, a transfer is made from the Capitalisation Reserve to the Accumulated Surplus/(Deficit).

When an item of Property, Plant and Equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

1. 2. 3. 2 Donations and Public Contributions Reserve

When items of Property, Plant and Equipment are financed from public contributions and donations, a transfer is made from the Accumulated Surplus/(Deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from donations and public contributions.

When an item of Property, Plant and Equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. 2 NET ASSETS (continued)

1. 2. 3 Accumulated surplus reserves (continued)

***1. 2. 3. 3* Government Grants Reserve**

When items of Property, Plant and Equipment are financed from government grants, a transfer is made from the Accumulated Surplus/(Deficit) to the Government Grants Reserve equal to the government grants recorded as revenue in the Statement of Financial Performance in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Government Grants Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from government grants.

When an item of Property, Plant and Equipment financed from government grants is disposed, the balance in the Government Grants Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

1. 3 PROPERTY, PLANT AND EQUIPMENT

1. 3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1. 3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including Infrastructure Assets, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

1. 3 PROPERTY, PLANT AND EQUIPMENT (continued)

1. 3. 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		**Years**
Infrastructure		***Buildings***	5 - 50
Roads and Paving	10 - 100		
Stormwater	50	***Movable Assets***	
Electricity	10 - 50	Specialist Vehicles	5 - 20
Water	10 - 100	Other Vehicles	5 - 10
Sewerage	10 - 100	Office Equipment	3 - 7
Landfill Sites	10 - 50	Furniture and Fittings	7 - 10
		Watercraft	15
Community		Bins and Containers	5
Recreational Facilities	10 - 60	Specialised Plant and Equipment	10 - 15
Security	5	Other items of Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

1. 3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

1. 3. 5 Leased assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1. 3. 6 Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

1. 3. 7 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from diposal are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

1. 4 HERITAGE ASSETS

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

1. 4 HERITAGE ASSETS (continued)

1. 4. 1 Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary asset, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

1. 4. 2 Subsequent Measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

1. 4. 3 Derecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

Transitional provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of heritage assets.

1. 5 INTANGIBLE ASSETS

The municipality changed its Accounting Policy from GRAP 102 to GRAP 31 with no effect on the financial information previously disclosed.

1. 5. 1 Initial Recognition

Identifiable non–monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria is fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

1. 5 INTANGIBLE ASSETS (continued)

1. 5. 1 Initial Recognition (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1. 5. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives.

Amortisation is charged on a straight-line basis over the intangible assets' useful lives. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives: ASSET Class: Computer software / software licenses: 3 -5 years

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

1. 5. 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

1. 6 INVESTMENT PROPERTY

1. 6. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1. 6 INVESTMENT PROPERTY (continued)

1. 6. 1 Initial Recognition (continued)

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality);
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties;
- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a goods and services and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

1. 6. 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1. 6. 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1. 7 IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

1. 7. 1 Impairment of Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The best evidece of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1. 7 IMPAIRMENT OF ASSETS (continued)

1. 7. 1 Impairment of Cash generating assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

1. 7. 2 Impairment of Non-Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired..

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non- cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1. 8 FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets, Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1. 8 FINANCIAL INSTRUMENTS (continued)

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method

- The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost

- Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

1. 8. 1 Financial Instruments - Classification

In accordance with GRAP 104 the Financial Assets and Financial Liabilities of the municipality are classified as follows into the three categories allowed by this standard:

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

- *Financial assets (or financial liabilities) at amortised cost* are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.

- *Financial assets (or financial liabilities) at fair value* are financial instruments that meet either of the following conditions:
  (a) derivatives;
  (b) combined instruments that are designated at fair value;
  (c) instruments held for trading;
  (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

- *Financial assets (or financial liabilities) at cost* are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

A **financial asset** is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (when applicable)
- Operating lease assets
- Receivables from exchange transactions
- Receivables from non-exchange transactions
- Short-term Investment Deposits (when applicable)
- Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

In accordance with GRAP 104 the *Financial Assets* of the municipality are all classified as *financial assets at amortised cost,* except for cash floats and petty cash, which are classified as *financial assets at fair value.*

1. 8 FINANCIAL INSTRUMENTS (continued)

1. 8. 1 Financial Instruments - Classification (continued)

A **financial liability** is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Borrowings
- Finance lease liabilities
- Unspent conditional grants and receipts
- Payables
- Bank Overdraft (when utilised)
- Current portion of finance lease liabilities
- Current Portion of Long-term borrowings
- Consumer Deposits

In accordance with GRAP 104 the *Financial Liabilities* of the municipality are all classified as ***financial liabilities at amortised cost,*** except for Consumer deposits, which are classified as ***financial liabilities at fair value.***

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1. 8. 2 Initial and Subsequent Measurement

1. 8. 2. 1 Initial measurement:

Financial assets and financial liabilities are initially measured at fair value plus, in the case of a financial instruments subsequently measured at cost or amortised cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1. 8. 2. 2 Subsequent measurement:

All financial assets and financial liabilities are measured in accordance with GRAP 104 after initial recognition, using the following categories, the classification determining how they are measured:

(a) Financial instruments at fair value;
(b) Financial instruments at amortised cost
(c) Financial instruments at cost.

Financial Assets at Amortised Cost are subsequently measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis. Financial Assets at Fair Value are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

Financial Liabilities at Fair Value are stated at fair value (initial and subsequent), with any resulted gain or loss recognised in the Statement of Financial Performance. Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs.

Financial Liabilities held at Amortised Cost: Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the Accrual Basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

1. 8. 3 Impairment of Financial Assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

1. 8 FINANCIAL INSTRUMENTS (continued)

1. 8. 3 Impairment of Financial Assets (continued)

An allowance for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Initially **r**eceivables from exchange and non-exchange transactions are valued at fair value and subsequently carried at amortised cost using the effective interest rate method, less an allowance for impairment. The allowance is made in accordance with GRAP 104, whereby the recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at year-end. Amounts are written off in the year during which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

1. 8. 4 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. 8. 5 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1. 9 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

1. 9 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 51.9 to the annual financial statements.

Market risk

- Market risk is disclosed per interest rate risk and foreign currency risk.
- The Municipality only deals with Local suppliers, thus it is not exposed to foreign currency risk.

1. 10 INVENTORIES

1. 10. 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1. 10. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1. 11 NON-CURRENT ASSETS HELD-FOR-SALE

1. 11. 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1. 11. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance, calculated as the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

1. 12 REVENUE RECOGNITION

1. 12. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1. 12. 2 Revenue from Exchange Transactions

1. 12. 2. 1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1. 12 REVENUE RECOGNITION (continued)

1. 12. 2 Revenue from Exchange Transactions (continued)

1. 12. 2. 1 Service Charges (continued)

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

1. 12. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and if payment is made five days before year-end it is recognised based on an estimate of the prepaid electricity consumed as at the reporting date, which is recognised as an unutilised portion.'

1. 12. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1. 12. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

1. 12. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1. 12. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1. 12. 2. 7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1. 12. 3 Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

1. 12. 3. 1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1. 12. 3. 2 Fines

Fines consist of spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably. Revenue for fines is recognised when the fine is issued at the full amount of the receivable. Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.'

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. 12 REVENUE RECOGNITION (continued)

1. 12. 3 Revenue from Non-exchange Transactions (continued)

1. 12. 3. 3 Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

1. 12. 3 4 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

1. 12. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1. 13 GOVERNMENT GRANTS AND RECEIPTS

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are available for use.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the grantor it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1. 14 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

1. 14 PROVISIONS (continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken;
- when the plan will be implemented; and;

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1. 15 EMPLOYEE BENEFITS

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

1. 15. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

1. 15. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

1. 15. 3 Post-retirement benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

1. 15. 3. 1 Defined Contribution plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1. 15 EMPLOYEE BENEFITS (continued)

1. 15. 3 Post-retirement benefits (continued)

1. 15. 3. 2 Defined Benefit plans

A **defined benefit plan** is a post- employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Multi-employer Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 52 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1. 16 LEASES

1. 16. 1 The Municipality as Lessee

Leases are classified as **finance leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, finance leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The leased asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. 16. 2 The Municipality as Lessor

Amounts due from lessees under **finance leases** or **instalment sale agreements** are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

1. 16 LEASES (continued)

1. 16. 3 Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

1. 17 BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, while all other borrowing costs incurred are recognised as an expense in the Statement of Financial Performance.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

To the extent that the municipality borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the municipality shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the municipality that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

1. 18 GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1. 19 VALUE ADDED TAX

The Municipality is registered with SARS for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the VAT Act No 89 of 1991, and accounts for VAT on the cash basis.

1. 20 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1. 21 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

SWARTLAND MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. 22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1. 23 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Members in the service of the state are also considered to be related parties.

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

1. 24 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

1. 25 COMPARATIVE INFORMATION

1. 25. 1 Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1. 25. 2 Current year comparatives:

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

Budgeted amounts are scheduled as additional budget columns in the financial statements and explanatory comments are provided in the notes to the annual financial statements, giving motivations for overspending on line items. The annual budget figures included in the financial statements are for Swartland Municipality and do not include budget information relating to any other entities. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2013 to 30 June 2014.

1. 26 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the Annual financial statements.

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

1. 26 CONTINGENT ASSETS AND CONTINGENT LIABILITIES (continued)

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

1. 27 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. CASH AND CASH EQUIVALENTS	2014 R	2013 R
Bank balances and cash	222,979,731	210,113,153
Petty Cash Advances	15,230	16,030
	-	
Total cash and cash equivalents	**222,994,961**	**210,129,183**

The Municipality has the following bank accounts:

Current Account (Primary Bank Account) (OTM account)
ABSA Bank Limited - Public Sector: Account Number 40 5369 2381

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Current Account
ABSA Bank Limited - Public Sector: Account Number 40 5369 1741

Cash book balance at beginning of year	**210,113,153**	**219,192,069**
Cash book balance at end of year	**222,979,731**	**210,113,153**
Bank statement balance at beginning of year	**206,686,719**	**215,668,397**
Bank statement balance at end of year	**217,885,641**	**206,686,719**

Current Account (ACB account)
ABSA Bank Limited - Public Sector: Account Number 40 5369 2399

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Current Account (Cash account)
ABSA Bank Limited - Public Sector: Account Number 40 5369 2466

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Current Account (Belstow)
ABSA Bank Limited - Public Sector: Account Number 40 7320 9473

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Current Account (Syntell)
ABSA Bank Limited - Public Sector: Account Number 40 8119 7650

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Summary

Cash book balance at beginning of year	**210,113,153**	**219,192,069**
Cash book balance at end of year	**222,979,731**	**210,113,153**
Bank statement balance at beginning of year	**206,686,719**	**215,668,397**
Bank statement balance at end of year	**217,885,641**	**206,686,719**

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

2. CASH AND CASH EQUIVALENTS (continued)

Call investment deposits are investments with a maturity period of less than 3 months which earn interest at a rate varying from 5.30 % per annum.

Interest on overdrawn current accounts is charged at prime less 0.5 % per annum when utilised and earn interest at different rates per annum on favourable balances. Overdraft facility of R 1 000 000 is available on account number 40 5369 1741.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period.

Deposits of R 87,000,000 (2013: R 90,702,790) are attributable to the capital replacement reserve. (Refer to Note 23).

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. 'The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2014	**Gross Balances**	**Collective Allowance for Impairment**	**Net Balances**
	R	**R**	**R**
Service Receivables	**41,840,504**	**4,281,511**	**37,558,993**
Electricity	23,314,801	1,014,991	22,299,810
Water	7,013,721	973,392	6,040,329
Sewerage	6,219,858	1,175,274	5,044,584
Refuse Removal	5,292,124	1,117,854	4,174,270
Other receivables			
Housing rentals / instalments	75,333	7,184	68,149
Other	2,199,733	286,959	1,912,774
Total: Receivables From Exchange Transactions	**44,115,570**	**4,575,654**	**39,539,916**

As at 30 June 2013 Restated	**Gross Balances**	**Collective Allowance for Impairment**	**Net Balances**
	R	**R**	**R**
Service Receivables	**38,586,913**	**3,290,094**	**35,296,819**
Electricity	22,222,509	920,121	21,302,388
Water	6,458,190	748,703	5,709,487
Sewerage	5,343,630	834,947	4,508,683
Refuse Removal	4,562,584	786,323	3,776,261
Other receivables			
Housing rentals / instalments	115,609	18,705	96,904
Other	3,180,263	323,752	2,856,511
Total: Trade Receivables From Exchange Transactions	**41,882,785**	**3,632,551**	**38,250,234**

Receivables from Exchange Transactions are billed monthly, at the end of the month.

The average credit period for receivables from exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces it's approved credit control policy to ensure the recovery of receivables from exchange transactions.

No receivables from exchange transactions were pledged as security.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables

Other Receivables include outstanding debtors for various other services, e.g. Chemical Oxygen Demand, Treated Waste Water, Bulk Dumping and Sundry Services like Escorting of heavy vehicles, Advertisement costs, Cleaning of stands, etc.

Of the Receivables balance at the end of the year, R 1 672 751 (2013: 1 602 393) is due from Pioneer Foods (Pty) Ltd, the municipality's largest customer.

There are no other receivables that represent more than 5% of the total balance of Receivables.

The municipality receives applications for services that it processes. Deposits are required to be paid for all electricity and water accounts opened.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their amortised values.

Comparatives have been restated due to the correction of an error (refer to note 59. (b) i) (b) iii) and (b) v).

3. 1 Ageing of Service Debtors

		Restated
Electricity: Ageing		
Current (0 - 30 days)	20,387,661	19,698,520
Past Due		
31 - 60 Days	1,840,123	1,719,742
61 - 90 Days	92,230	55,513
91 - 120 Days	67,363	45,423
121 - 150 Days	28,024	58,495
151 - 180 Days	22,803	43,768
181 - 365 Days	18,224	38,069
366 Days - 2 Years	93,604	81,505
2 - 3 Years	42,138	61,865
+ 3 Years	722,631	419,609
	23,314,801	**22,222,509**
Less: Allowance for impairment	(1,014,991)	(920,121)
	22,299,810	**21,302,388**
Water: Ageing		
Current (0 - 30 days)	3,723,691	3,598,797
Past Due		
31 - 60 Days	781,863	633,400
61 - 90 Days	214,080	185,280
91 - 120 Days	206,384	199,973
121 - 150 Days	210,275	192,047
151 - 180 Days	118,344	166,711
181 - 365 Days	79,753	122,493
366 Days - 2 Years	593,240	576,007
2 - 3 Years	191,274	209,624
+ 3 Years	894,817	573,858
Total	**7,013,721**	**6,458,190**
Less: Allowance for impairment	(973,392)	(748,703)
	6,040,329	**5,709,487**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Sewerage: Ageing		
Current (0 - 30 days)	2,007,307	1,796,649
Past Due		
31 - 60 Days	625,301	564,457
61 - 90 Days	108,604	157,305
91 - 120 Days	70,696	196,471
121 - 150 Days	57,865	171,814
151 - 180 Days	48,631	152,450
181 - 365 Days	40,707	134,089
366 Days - 2 Years	36,457	120,750
2 - 3 Years	31,259	107,290
+ 3 Years	3,193,031	1,942,355
Total	**6,219,858**	**5,343,630**
Less: Allowance for impairment	(1,175,274)	(834,947)
	5,044,584	**4,508,683**
3. 1 Ageing of Service Debtors (continued)		
		Restated
Refuse Removal: Ageing		
Current (0 - 30 days)	1,751,830	1,616,546
Past Due		
31 - 60 Days	576,121	552,773
61 - 90 Days	172,141	174,543
91 - 120 Days	135,083	163,158
121 - 150 Days	119,148	159,813
151 - 180 Days	106,974	138,175
181 - 365 Days	96,237	126,215
366 Days - 2 Years	1,000,492	935,608
2 - 3 Years	328,744	235,656
+ 3 Years	1,005,354	460,097
Total	**5,292,124**	**4,562,584**
Less: Allowance for impairment	(1,117,854)	(786,323)
	4,174,270	**3,776,261**
Housing rentals / instalments: Ageing		
Current (0 - 30 days)	28,635	30,056
Past Due		
31 - 60 Days	15,297	16,554
61 - 90 Days	1,716	1,564
91 - 120 Days	1,244	1,443
121 - 150 Days	1,081	1,335
151 - 180 Days	1,051	1,219
181 - 365 Days	1,036	2,711
366 Days - 2 Years	6,982	23,005
2 - 3 Years	9,246	18,421
+ 3 Years	9,045	19,301
Total	**75,333**	**115,609**
Less: Allowance for impairment	(7,184)	(18,705)
	68,149	**96,904**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)	2014 R	2013 R
Other Debtors: Ageing		
Current (0 - 30 days)	791,084	1,711,824
Past Due		
31 - 60 Days	80,708	166,814
61 - 90 Days	67,992	66,245
91 - 120 Days	81,651	34,191
121 - 150 Days	40,141	32,468
151 - 180 Days	134,661	52,826
181 - 365 Days	35,126	23,407
366 Days - 2 Years	241,542	374,491
2 - 3 Years	287,752	252,764
+ 3 Years	439,076	465,233
Total	**2,199,733**	**3,180,263**
Less: Allowance for impairment	(286,959)	(323,752)
	1,912,774	**2,856,511**

3. 2 Summary of Debtors by Customer Classification

	Consumers R	Industrial/ Commercial R	National and Provincial Government R	Total R
30th June 2014				
Current (0 - 30 days)	19,336,162	8,625,283	728,763	28,690,208
Past Due				
31 - 60 Days	3,072,942	798,330	48,141	3,919,413
61 - 90 Days	588,430	66,409	1,924	656,763
91 - 120 Days	481,230	78,739	2,452	562,421
121 - 150 Days	444,676	11,609	249	456,534
151 - 180 Days	418,243	14,019	202	432,464
181 - 365 Days	254,198	16,693	192	271,083
366 Days - 2 Years	1,912,233	58,137	1,947	1,972,317
2 - 3 Years	817,125	71,529	1,759	890,413
+ 3 Years	5,994,547	246,632	22,775	6,263,954
Sub-total	**33,319,786**	**9,987,380**	**808,404**	**44,115,570**
Less: Collective Allowance for Impairment	(3,697,705)	(877,949)	-	(4,575,654)
Total debtors by customer classification	**29,622,081**	**9,109,431**	**808,404**	**39,539,916**

	Consumers R	Industrial/ Commercial R	National and Provincial Government R	Total R
30th June 2013 Restated				
Current (0 - 30 days)	18,839,132	8,628,844	984,416	28,452,392
Past Due				
31 - 60 Days	2,685,906	909,826	58,009	3,653,741
61 - 90 Days	603,070	23,702	13,678	640,450
91 - 120 Days	599,379	36,603	4,677	640,659
121 - 150 Days	590,305	23,113	2,553	615,971
151 - 180 Days	523,307	29,927	1,915	555,149
181 - 365 Days	426,815	18,418	1,751	446,984
366 Days - 2 Years	1,994,632	100,748	15,987	2,111,367
2 - 3 Years	770,834	110,240	4,546	885,620
+ 3 Years	3,693,237	174,924	12,291	3,880,452
Sub-total	**30,726,617**	**10,056,345**	**1,099,823**	**41,882,785**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

3. 2 Summary of Debtors by Customer Classification (continued)

	Consumers	Industrial/ Commercial	National and Provincial Government	Total
	R	R	R	R
Less: Collective Allowance for Impairment	(2,770,694)	(861,857)	-	(3,632,551)
Total debtors by customer classification	**27,955,923**	**9,194,488**	**1,099,823**	**38,250,234**

Comparatives have been restated due to the correction of an error (refer to note 59. (b) i) (b) iii) and (b) v).

	2014	2013
	R	R
At 30 June 2014 debtors of R 10,849,708 (2013: R 9,797,842) were past due but not impaired. The age analysis of these debtors are as follows:		
31 - 60 Days	3,919,413	3,653,740
61 - 90 Days	656,763	640,450
91 - 120 Days	562,421	640,659
121 - 150 Days	456,533	615,972
151 - 180 Days	432,465	555,149
181 - 365 Days	271,083	446,984
+ 1 Year	4,551,030	3,244,888
Total	**10,849,708**	**9,797,842**

3. 3 Reconciliation of changes in Allowance Account

Balance at beginning of the year	3,632,551	3,366,983
Contribution to Allowance	2,459,799	1,223,860
Bad debts written off against allowance:		
Electricity	(8,801)	(39,275)
Refuse Removal	(265,299)	(383,103)
Sewerage	(398,564)	(305,678)
Water	(559,358)	(152,713)
Housing	(52,597)	(9,606)
Other Debtors	(232,077)	(67,917)
Balance at end of year	**4,575,654**	**3,632,551**

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

Derognition of financial assets

No Financial Assets have been transferred to other parties during the year.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R Restated
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Property Rates	9,565,877	9,085,960
Payments made in advance	1,151,669	210,149
Insurance claims	36,114	-
Traffic Fines	18,674,415	-
Government grants and subsidies (Past due and not impaired)	4,478,037	71,235
Sundry debtors	518,999	2,015,758
Gross Balances	**34,425,111**	**11,383,102**
Less: Collective Allowance for Impairment		
Rates	(1,235,020)	(1,082,463)
Traffic Fines	(16,002,718)	-
Other	(143,861)	(157,389)
Net Balances	**17,043,512**	**10,143,250**

Sundry Debtors include sundry deposits, unclaimed wages, accruals cash deposits made to Eskom for the supply of electricity, debits outstanding at year-end on normal business transactions entered into by the municipality, in repsect of uncleared bank reconciliation items,

Comparatives have been restated due to the correction of an error (refer to note 59. (b)i) b) iii), (b) iv) and (b) v).

Rates: Ageing		
Current (0 - 30 days)	4,767,521	4,469,603
Past Due		
31 - 60 Days	875,516	836,973
61 - 90 Days	163,333	184,039
91 - 120 Days	101,672	251,637
121 - 150 Days	92,351	196,425
151 - 180 Days	62,191	155,602
181 - 365 Days	49,064	141,754
366 Days - 2 Years	50,119	121,254
2 - 3 Years	35,357	125,537
+ 3 Years	3,368,753	2,603,136
Total	**9,565,877**	**9,085,960**
Less: Allowance for impairment	(1,235,020)	(1,082,463)
	8,330,857	**8,003,497**
Other Debtors: Ageing		
Current (0 - 30 days)	7,814,433	2,296,848
Past Due		
31 - 60 Days	2,491,986	1
61 - 90 Days	2,089,000	1
91 - 120 Days	2,218,180	1
121 - 150 Days	1,801,800	1
151 - 180 Days	826,655	1

	2014 R	2013 R
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)		
Other Debtors: Ageing (continued)		
181 - 365 Days	7,617,180	2
366 Days - 2 Years	-	11
2 - 3 Years	-	20
+ 3 Years	-	256
Total	**24,859,234**	**2,297,142**
Less: Allowance for impairment	(16,146,579)	(157,389)
Total	**8,712,655**	**2,139,753**

Comparatives have been restated due to the correction of an error (refer to note 59. (b)i) b) iii), (b) iv) and (b) v).

At 30 June 2014 debtors of R 4,461,558 (2013: R 4,616,652) were past due but not impaired. The age analysis of these debtors are as follows:

31 - 60 Days	1,917,598	836,974
61 - 90 Days	163,333	184,040
91 - 120 Days	101,672	251,638
121 - 150 Days	92,351	196,426
151 - 180 Days	62,191	155,603
181 - 365 Days	49,064	141,756
+ 1 Year	2,075,349	2,850,215
Total	**4,461,558**	**4,616,652**
Reconciliation of changes in Allowance Account		
Balance at beginning of the year	1,239,852	1,297,047
Contributions to Allowance		
Rates	240,680	21,909
Traffic Fines	16,002,718	
Other	209,721	-
Bad debts written off against Allowance		
Rates	(88,123)	(72,158)
Other	(223,249)	-
Reversal of Allowance	-	(6,946)
Balance at end of year	**17,381,599**	**1,239,852**

The credit quality of receivables from non- exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables

The allowance for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependant on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets.

The average credit period for receivables from non- exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from none- exchange transactions. No receivables from non- exchange transactions were pledged as security.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

The Allowance for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Credit quality of receivables from non- exchange transactions

The credit quality of receivables from non- exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables

Allowance account for collective Impairment of Financial Assets

The total amount of the allowance for impairment created is R 21,957,253 (2013: R 4,872,403) and the following loans and receivables are included therein:

Consumer Debtors	4,575,654	3,632,551
Sundry Debtors	17,381,599	1,239,852
Total Allowance for Doubtful Debts on Debtors	**21,957,253**	**4,872,403**

5. INVENTORY

Consumable stores - at cost	5,638,549	4,895,906
Franking Machine and Postage	15,330	15,603
Go Green Prizes: Cell Phones	16,821	16,821
Postage Stamps	-	-
Stationery - at cost	133,782	131,123
SMS Bundles	131	1,950
Water - at cost	142,689	140,171
Wonderbags	-	8,353
Unsold properties held for resale - at cost	3,170,879	1,824,790
Total Inventory	**9,118,181**	**7,034,717**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water purchases for the year amounted to R 3.80 per kilolitre (2013: R 3.72 per kilolitre).

No Inventories have been pledged as collateral for Liabilities of the municipality.

The cost of inventories (excluding land inventories) recognised as expense and included in "General Expenses" amounted to R 6 389 435 (2013: R 9 979 740). The cost of land inventories expensed has been separately disclosed on the Statement of Financial Performance.

Inventory to the amount of R 56 (2013: R 2 303) was written-down and included in "General Expenses".

6. VAT		**Restated**
VAT receivable	**115,079**	**26,533**

VAT is accounted for on the payment basis. Only when payment has been received from debtors VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2014 R	2013 R

7. OPERATING LEASES

The Municipality as lessee

Leasing arrangements:

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Buildings	**4,201,029**	**608,025**
Up to 1 year	889,253	533,709
1 to 5 years	3,311,776	74,316
More than 5 years	-	-
Computer and other equipment	**689,436**	**866,763**
Up to 1 year	197,580	184,425
1 to 5 years	491,856	682,338
More than 5 years	-	-
Total Operating Lease Commitments	**4,890,465**	**1,474,788**
The following payments have been recognised as an **expense** in the Statement of Financial Performance	882,340	626,447
Total Operating Lease Expenses - as Lessee	**882,340**	**626,447**

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following **asset/(liability)** has been recognised:

Accrual as at 30 June		**Restated**
Opening balance	(62,640)	(78,939)
Operating lease payments effected	911,322	642,746
Operating expenses recorded	(882,340)	(626,447)
Total Operating Lease Assets/(Liabilities)	**(33,658)**	**(62,640)**

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:
- Office Equipment

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

The Municipality as Lessor:

Leasing arrangements:

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 50 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	330,609	252,698
1 to 5 years	287,032	289,320
More than 5 years	7,808	8,347
	625,449	**550,365**

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has resulted in a increase in current year's income of R 9 102.

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following **asset/(liability)** has been recognised:

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
7. OPERATING LEASES (continued)	**R**	**R**
Accrual as at 30 June		
Opening balance	20,700	48,343
Operating lease payments received	(725,277)	(665,894)
Operating income recorded	734,379	638,251
Total Operating Lease Assets/(Liabilities)	**29,802**	**20,700**

No restrictions have been imposed on the Municipality in terms of the lease agreements.

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2014

Reconciliation of Carrying Value	Leased Assets	Movable Assets	Housing Development Fund	Community	Land and Buildings	Infrastructure	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2013	**543,806**	**45,654,072**	**-**	**14,233,882**	**160,922,591**	**1,527,089,115**	**1,748,443,466**
Cost	1,159,001	72,123,265	823,002	41,708,743	371,632,862	2,834,541,065	3,321,987,938
Transfers	-	(1,367,098)	(823,002)	-	(5,072,750)	5,470,808	(1,792,042)
Accumulated depreciation and Impairment	**(615,195)**	**(25,102,095)**	**-**	**(27,474,861)**	**(205,637,521)**	**(1,312,922,758)**	**(1,571,752,430)**
- Cost	(615,195)	(26,157,402)	(441,611)	(27,474,861)	(205,195,310)	(1,312,890,804)	(1,572,775,183)
- Transfers	-	1,055,307	441,611	-	(442,211)	(31,954)	1,022,753
Acquisitions	-	6,830,193	-	2,012,496	4,911,519	46,541,328	60,295,536
Capital under Construction	-	-	-	50,096	-	29,324,178	29,374,274
Depreciation	**(114,424)**	**(5,693,304)**	**-**	**(1,095,789)**	**(6,683,674)**	**(54,331,956)**	**(67,919,147)**
- based on cost	(114,424)	(5,693,304)	-	(1,095,789)	(6,683,674)	(54,331,956)	(67,919,147)
Carrying value of disposals	**(6,391)**	**(344,457)**	**-**	**-**	**1,630**	**(8,494,475)**	**(8,843,693)**
Cost	(15,085)	(1,173,756)	-	-	-	(26,999,565)	(28,188,406)
Accumulated depreciation	8,694	829,299		-	1,630	18,505,090	19,344,713
Impairment losses	-	(202,394)	-	-	-	-	(202,394)
Carrying values at 30 June 2014	**422,991**	**46,244,110**	**-**	**15,200,685**	**159,152,066**	**1,540,128,190**	**1,761,148,042**
Cost	1,143,916	76,412,604	-	43,771,335	371,471,631	2,888,877,814	3,381,677,300
Accumulated depreciation and Impairment	**(720,925)**	**(30,168,494)**	**-**	**(28,570,650)**	**(212,319,565)**	**(1,348,749,624)**	**(1,620,529,258)**
- Cost	(720,925)	(30,168,494)	-	(28,570,650)	(212,319,565)	(1,348,749,624)	(1,620,529,258)

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

8. PROPERTY, PLANT AND EQUIPMENT (continued)

2013

Reconciliation of Carrying Value	Leased Assets	Movable Assets	Housing Development Fund	Community	Land and Buildings	Infrastructure	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2012	**770,610**	**44,723,050**	**381,391**	**15,881,080**	**164,440,778**	**1,511,674,810**	**1,737,871,719**
Cost	1,875,933	71,319,903	1,587,265	138,586,155	269,675,472	2,758,243,207	3,241,287,935
Transfers	-	(4,285,246)	(764,263)	(97,998,731)	93,282,961	9,756,078	(9,201)
Correction of error (Note 54 (b) vi)	-	(332,057)	-	-	-	-	(332,057)
Accumulated depreciation and Impairment	**(1,105,323)**	**(21,979,550)**	**(441,611)**	**(24,706,344)**	**(198,517,655)**	**(1,256,324,475)**	**(1,503,074,958)**
- Cost	(1,105,323)	(24,002,082)	(547,835)	(90,395,379)	(136,364,106)	(1,250,898,917)	(1,503,313,642)
- Transfers	-	1,783,848	106,224	65,689,035	(62,153,549)	(5,425,558)	-
- Correction of error (Note 54 (b) vi)	-	238,684	-	-	-	-	238,684
Acquisitions	-	10,165,683	-	1,121,319	3,270,129	33,759,378	48,316,509
Capital under Construction	-	-	-	-	5,404,300	27,539,253	32,943,553
Borrowing costs Capitalised	-	-	-	-	-	5,306,159	5,306,159
Depreciation	**(226,804)**	**(6,770,288)**	**-**	**(2,768,517)**	**(6,656,575)**	**(54,681,833)**	**(71,104,017)**
- based on cost	(226,804)	(6,770,288)	-	(2,768,517)	(6,656,575)	(54,681,833)	(71,104,017)
Carrying value of disposals	**-**	**(1,943,964)**	**-**	**-**	**-**	**(36,400)**	**(1,980,364)**
Cost	(716,932)	(4,745,018)	-	-	-	(63,010)	(5,524,960)
Accumulated depreciation	716,932	2,801,054	-	-	-	26,610	3,544,596
	-	**(227,212)**	**-**	**-**	**(21,080)**	**(1,911,106)**	**(2,159,398)**
Impairment losses	-	(220,894)	-	-	(21,080)	(1,911,106)	(2,153,080)
Correction of error (Note 54 (b) iv))	-	(6,318)	-	-	-	-	(6,318)
Carrying values at 30 June 2013	**543,806**	**45,965,863**	**381,391**	**14,233,882**	**166,437,552**	**1,521,650,261**	**1,749,212,755**
Cost	1,159,001	72,123,265	823,002	41,708,743	371,632,862	2,834,541,065	3,321,987,938
Accumulated depreciation and Impairment	**(615,195)**	**(26,157,402)**	**(441,611)**	**(27,474,861)**	**(205,195,310)**	**(1,312,890,804)**	**(1,572,775,183)**
- Cost	(615,195)	(26,175,996)	(441,611)	(27,474,861)	(205,195,310)	(1,312,890,804)	(1,572,793,777)
- Correction of error (Note 54 (b) - vi)	-	18,594	-	-	-	-	18,594

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality and no Property, Plant and Equipment were retired from active use and held for disposal during the financial year. Compensation in the amount of R 33 541 (2013: R 0.00), included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year. None of the above assets are pledged as security.

Impairment Losses on Property, Plant and Equipment to the amount of R 202 394 (2013: R 2 159 398) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 36.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
9. BORROWING COSTS		
Borrowing costs incurred on specific loans	-	7,359,982
Less: Interest earned on temporary investment of specific borrowings	-	(2,053,823)
Total Borrowing costs capitalised during the period	**-**	**5,306,159**
INTEREST EXPENSE		
Long-term liabilities	-	15,798,399
Less: Interest capitalised	-	(7,359,982)
Finance Leases	-	47,518
Total Interest expense on External Borrowings	**-**	**8,485,935**
INTEREST EARNED		
External Investments / Cash Deposits		
Bank Account (Note 32)		433,008
Interest earned - other (Note 32)		11,538,311
Less: Deducted from interest capitalised	-	(2,053,823)
Total Interest earned on External Investments / Cash Deposits	**-**	**9,917,496**
10. INVESTMENT PROPERTY		
At cost less accumulated depreciation	**28,541,839**	**31,362,707**
The movement in investment properties is reconciled as follows:		
Carrying value at the beginning of the year	**31,362,707**	**33,111,062**
Cost	34,085,753	34,277,923
Accumulated depreciation	(2,723,046)	(1,166,861)
Accumulated Impairment Losses	-	-
Correction of error (Note 59)	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions to existing investment properties	-	-
Transfer to Inventory (Grap 16.65 and 16.70)	(976,356)	(139,686)
Depreciation	(1,566,127)	(1,556,185)
Impairment losses	-	-
Disposal Cost	(825,531)	(61,686)
Disposal Depreciation	547,146	-
Transfers	-	9202
Carrying value at the end of the year	**28,541,839**	**31,362,707**
Cost	32,283,866	34,085,753
Accumulated depreciation	(3,742,027)	(2,723,046)
Accumulated Impairment Losses	-	-
Correction of error (Note 59)		-
Cost	-	-
Accumulated depreciation	-	-
The following is included in the net surplus/(deficit)		
Rental revenue earned from Investment Properties	351,571	353,551
Direct Operating expenses - incurred to generate rental revenue	210,391	313,220
Direct Operating expenses - incurred which did not generate rental revenue	1,428,408	1,237,419

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013

10.. INVESTMENT PROPERTY (continued)

Details of investment property:

Investment property consists of:		
- Land	27,136,700	28,092,052
- Buildings	5,147,165	5,993,700
- Accumulated depreciation on Buildings	(3,742,026)	(2,723,045)

Fair Value of investment properties.

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are the no contractual obligations on Investment Property.

The fair value of investment properties is estimated at R 151 657 500 which is based on a valuation by an independent valuer who holds a recognised and relevant qualification. The determination of fair value is supported by market evidence.

11. HERITAGE ASSETS

30 June 2014

Reconciliation of Carrying Value	Historical Monuments	Historical Buildings	Total
	R	R	R
Carrying value at the beginning of the year	**181,000**	**586,266**	**767,266**
Cost	181,000	586,266	767,266
Accumulated Impairment Losses	-	-	-
Additions to existing heritage assets	-	-	-
Impairment losses	-	-	-
Other Movements	-	-	-
Carrying value at the end of the year	**181,000**	**586,266**	**767,266**
Cost	181,000	586,266	767,266
Accumulated Impairment Losses	-	-	-

30 June 2013

Reconciliation of Carrying Value		Historical Monuments	Historical Buildings	Total
		R	R	R
Carrying value at the beginning of the year		**-**	**-**	**-**
Cost		-	-	-
Accumulated Impairment Losses		-	-	-
Change in accounting policy (Note 59)				
Cost		181,000	586,266	767,266
Accumulated impairment		-	-	-
Additions to existing heritage assets	-	-	-	-
Impairment losses	-	-	-	-
Other Movements	-	-	-	-
Carrying value at the end of the year		**181,000**	**586,266**	**767,266**
Cost		181,000	586,266	767,266
Accumulated Impairment Losses		-	-	-

	2014	2013

11.. HERITAGE ASSETS (continued)

The municipality has taken advantage of the transitional provisions in Directive 4 from the Accounting Standards Board with the implementation of GRAP 103. The municipality is currently in a process of identifying all Heritage Assets and have it valued in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2014/15 Annual Financial Statements. It is possible that certain Heritage Assets are currently being recognised as Property, Plant and Equipment.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

12. INTANGIBLE ASSETS

30 June 2014

Reconciliation of Carrying Value	Software Licenses	Website Development	Total
	R	R	R
Carrying values at 01 July 2013	**1,725,616**	**31,701**	**1,757,317**
- Cost	650,601	69,704	720,305
- Transfers	1,298,885	-	1,298,885
Accumulated Amortisation and Impairment	**(223,870)**	**(38,003)**	**(261,873)**
- Cost	(223,870)	(38,003)	(261,873)
- Transfers	(1,022,753)	-	(1,022,753)
Acquisitions			
Purchased	660,696	-	660,696
Other movements	-	-	-
Amortisation	**(235,484)**	**-**	**(235,484)**
- based on Cost	(235,484)	-	(235,484)
Carrying values at 30 June 2014	**1,128,075**	**31,701**	**1,159,776**
- Cost	2,610,182	69,704	2,679,886
Accumulated amortisation	**(1,482,107)**	**(38,003)**	**(1,520,110)**
- Cost	(1,482,107)	(38,003)	(1,520,110)

30 June 2013

Reconciliation of Carrying Value	Software Licenses	Website Development	Total
	R	R	R
Carrying values at 01 July 2012	**282,744**	**31,701**	**314,445**
Cost	388,800	69,704	458,504
Accumulated Amortisation and Impairment	**(106,056)**	**(38,003)**	**(144,059)**
- Cost	(106,056)	(38,003)	(144,059)
Correction of error (Note 59)	-	-	-
Acquisitions			
Purchased	261,801	-	261,801
Amortisation	**(117,814)**	**-**	**(117,814)**
- based on Cost	(117,814)	-	(117,814)
Correction of error (Note 59)	-	-	-
Carrying values at 30 June 2013	**426,731**	**31,701**	**458,432**
- Cost	650,601	69,704	720,305
Correction of error (Note 59)	-	-	-
Accumulated amortisation	**(223,870)**	**(38,003)**	**(261,873)**
- Cost	(223,870)	(38,003)	(261,873)
Correction of error (Note 59)	-	-	-

12.. INTANGIBLE ASSETS (continued)

Intangible Assets Useful Lives

The useful lives of Intangible Assets remain unchanged from the previous year, for which amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

The municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives. The useful lives of the Intangible Assets remain unchanged from the previous year.

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 36).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

	2014 R	2013 R
13. LONG-TERM RECEIVABLES		
Neither past due nor impaired		
Loans to Public Organisations	228,898	242,704
Less : Current portion transferred to current receivables	(15,023)	(13,805)
Total	**213,875**	**228,899**

LOANS TO PUBLIC ORGANISATIONS

Under the previous dispensation loans raised at an interest rate of one percent per annum repayable over a period of forty years were granted by the State to the Municipality who in turn, made the said loans available to Public Organisations for the purpose of providing housing to indigent old age persons. The Municipality merely acted as an intermediater between the State and such Organisations. The outstanding balances of these loans were subsequently written off by the State whilst the annual instalment, still recoverable from the various Organisations, are credited to the Housing Fund. Loans are repaid over periods of thirty to forty years and at interest rates varying from one to eleven point two five percent per annum. (See note 22)

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Long- term receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

	2014 R	2013 R
14. FINANCE LEASE RECEIVABLES		
Housing selling scheme loans	24,384	179,068
Less : Current portion transferred to current receivables	(5,842)	(10,552)
Total	**18,542**	**168,516**

14. 1 Leasing Arrangements: House selling scheme loans

The municipality entered into finance Leasing Arrangements for house selling scheme loans. The average term of Finance Leases entered into is between six and twenty years.

14. 2 Amounts receivable under finance leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2014 R	2013 R	2014 R	2013 R
Within one year	9,134	34,671	5,843	10,552
In the second to fifth year	21,769	138,563	15,173	58,492
Over five years	4,575	157,690	3,368	110,024
	35,478	**330,924**	**24,384**	**179,068**
Less: Unearned Finance	(11,094)	(151,856)		
Total Finance Lease Receivables	**24,384**	**179,068**	**24,384**	**179,068**

	2014 R	2013 R
14.. FINANCE LEASE RECEIVABLES (continued)		
Included in the Annual Financial Statements as:		
Current Finance lease receivables	5,842	10,552
Non-Current Finance lease receivables	18,542	168,516
	24,384	**179,068**

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of thirteen point five percent per annum. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund. (See note 22)

The interest rate inherent to the leases are fixed at the contract date over the entire lease term. The average effective interest rate contracted is 13.50 % (2013: 13.50 %) per annum.

Finance Lease Receivables are secured over the equipment leased. The municipality is not permitted to sell or repledge the collateral in the absence of default by the lessee.

15. PAYABLES FROM EXCHANGE TRANSACTIONS		**Restated**
Trade creditors	40,334,166	33,446,631
Payments received in advance	806,291	818,275
Retentions	2,966,403	596,976
Staff leave	7,111,393	6,333,471
Other creditors	3,833,847	3,609,555
Total Creditors	**55,052,100**	**44,804,908**

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. Retentions refer to construction contracts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

Comparatives have been restated due to the correction of an error (refer to note 59). (b) ii), and (b) iii).

16. CONSUMER DEPOSITS		
Electricity and Water	7,963,228	6,896,298
Interest paid	-	-
Total Consumer Deposits	**7,963,228**	**6,896,298**

Guarantees amounting to R 731 653 (2013: R 792 753) are held in lieu of Electricity and Water Deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilize the deposit as payment for the outstanding account. No interest is paid on consumer deposits held.

17. LONG- TERM BORROWINGS		
Annuity Loans	141,129,650	146,330,298
Capitalised Lease Liability (see to note 18).	266,905	392,555
Sub-total	**141,396,555**	**146,722,853**
Less : Current portion transferred to current liabilities	**3,765,738**	**5,244,094**
Annuity Loans	3,652,282	5,118,444
Capitalised Lease Liability	113,456	125,650
Total: Long-term Borrowings (Neither past due nor impaired)	**137,630,817**	**141,478,759**

Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2013: ten to twenty years), and at interest rates varying from 7.894 % to 11.60 % (2013: 7894 % to 11.6 %). Annuity Loans are not secured.

For detail of leasing arrangements regarding capitalised finance lease liabilities refer to note 18.

Refer to APPENDIX A for more detail on long- term liabilities.

	2014 R	2013 R

18. FINANCE LEASE LIABILITIES

The Municipality as lessee

Leasing arrangements:

Capitalised Lease Liabilities relate to office equipment with lease terms of five years (2013: five years). The effective interest rate on finance leases is between 6.43 % and 20.28 % (2013: 6.43 % and 24.86 %). Capitalised lease liabilities are secured over the items of office equipment leased.

The obligations under finance leases are scheduled below:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2014 R	2013 R	2014 R	2013 R
Amounts payable under finance leases				
Within one year	128,780	152,690	113,456	125,650
1 to 5 years	161,808	290,588	153,449	266,905
More than 5 years	-	-	-	-
	290,588	**443,278**	**266,905**	**392,555**
Less: Future finance charges	(23,683)	(50,723)		
Present Value of Lease obligations (see note 17)	**266,905**	**392,555**	**266,905**	**392,555**
Less amounts due for settlement within 12 months (current portion)			(113,456)	(125,650)
Amounts due for settlement after 12 months (non-current)			**153,449**	**266,905**

The municipality has finance lease agreements for office equipment. Included are the following significant leases:

(i) ***Siemens Hi Path Pabx***

- Instalments are payable monthly in advance	
- Average period outstanding	10 months
- Average effective interest rate	20.28 %
- Average monthly instalment	2,658

(ii) ***HiPath 3800 V8***

- Instalments are payable monthly in advance	
- Average period outstanding	31 months
- Average effective interest rate	6.43 %
- Average monthly instalment	9,709

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

19. PROVISIONS

		Restated
Current portion of Post-Employment Health Care Benefits(see note 21)	1,621,000	1,458,000
Current portion of Long-Service Awards (see note 21)	737,000	761,000
Bonuses	3,007,022	2,772,524
Workman Compensation	903,084	739,845
Total Provisions	**6,268,106**	**5,731,369**

	2014	2013
	R	R

19.. PROVISIONS (continued)

The movement in current provisions are reconciled as follows:

30 June 2014	Bonuses R	Workman Compensation R	Post-Employment Health Care Benefits R	Current portion of Long-service awards R
Balance at beginning of year	2,772,524	739,845	1,458,000	761,000
Contributions to provision	3,007,022	903,084	1,649,392	493,238
Expenditure incurred	(2,772,524)	(701,818)	(1,486,392)	(517,238)
Reversal of provision	-	(38,027)	-	-
Balance at end of year	**3,007,022**	**903,084**	**1,621,000**	**737,000**

30 June 2013	Bonuses R	Workman Compensation R	Post-Employment Health Care Benefits R	Current portion of Long-service awards R
Balance at beginning of year	2,624,314	736,936	1,286,583	291,470
Contributions to provision	2,772,524	739,845	1,472,970	1,090,654
Expenditure incurred	(2,624,314)	(736,936)	(1,301,553)	(621,124)
Reversal of provision	-	-	-	-
Balance at end of year	**2,772,524**	**739,845**	**1,458,000**	**761,000**

Bonuses

Service bonuses are granted to municipal employees as a 13th cheque. An estimate amount for the provision raised is determined according to the amount accruing to employees from December to June which is based on their salaries earned at 30 June of each year.

Workman Compensation

The amount due to the Workmen's Compensation Commissioner is not known in advance and an estimation is determined based on the following calculation:
The sum of the actual amount for the previous year and the tentative amount for the current year less the estimate for the previous year is multiplied by the applicable tariff.

For more information on the Post-employment health care and long service awards see note 21.

	2014	2013
	R	R

20. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

20.1 Conditional Grants by other spheres of Government	**102,403**	**1,983,417**
ACIP: Water Conservation	-	403,572
Broadcasting Booth: Gene Louw	-	-
Cleanest Town	19,676	31,327
Community Development: Workers	-	8,859
Energy Efficiency and Demand Side Management	-	-
Extended Public Works Programme	-	-
Financial Management Grant	-	130
Financial Management Support Grant: Annual Report	21,114	-
Financial Management Support Grant: Asset Management	-	219,452
Financial Management Support Grant: Tariff Modelling	-	138,601
Fire Damage Houses	42,328	123,515
Housing: Abbotsdale	-	995,700
Housing Consumer Education Grant	19,285	20,105
Implementation: Compliance Management System	-	-
Libraries	-	-
Municipal Infrastructure Grant	-	-
Municipal Systems Improvement Grant	-	27,748
Pedestrian Pathways Darling	-	-
Proclaimed Roads	-	-
Zondeza	-	-
State Funeral Madiba: Travelling Costs	-	-
Upgrading Netball Courts	-	14,235

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20.. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)	2014 R	2013 R
20.1 Conditional Grants by other spheres of Government (continued)		
Wesbank Rectification	-	-
Financial Management Support Grant	-	173
20.2 Other Receipts	**2,250,000**	**446,193**
Bokomo: Road Upgrade	2,250,000	-
Douglas Wheatly Familie Trust: Traffic Circle	-	-
National Lottery	-	446,193
PPC: Upgrading Riebeek Valley WWT	-	-
C J Pretorius Family Trust: Traffic Circle	-	-
Total Conditional Grants and Receipts	**2,352,403**	**2,429,610**

The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 26 for reconciliation of grants by other spheres of government.

Comparatives have been restated due to the correction of an error (refer to note 59. (b) vii).

21. PROVISION FOR EMPLOYEE BENEFITS

Post-Employment Health Care Benefit Liability	44,983,000	39,121,000
Long Service Awards	8,418,000	7,919,000
Total: Employee Benefits	**53,401,000**	**47,040,000**
Less: Transfer to Current Provisions: Post-Employment Health Care Benefit Liability	(1,621,000)	(1,458,000)
Less: Transfer to Current Provisions: Long Service Awards	(737,000)	(761,000)
Net Employee Benefits	**51,043,000**	**44,821,000**

Post-Employment Health Care Benefit Liability

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2014 by ZAQEN Actuaries (Pty) Ltd, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement or long service benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
- In-service members	232	246
- Continuation members	55	52
Total	**287**	**298**

The liability in respect of past service has been estimated to be as follows:		
- In-service members	25,832,000	22,059,000
- Continuation members	19,151,000	17,062,000
	44,983,000	**39,121,000**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

	2014 R	2013 R

21. PROVISION FOR EMPLOYEE BENEFITS (continued)

The future service cost for the ensuing year is established to be R 1 776 000, whereas the interest-cost for the next year is estimated to be R 3 134 000 (2013: R 1 597 772 and R 2 162 795 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	8.94 %	7.89 %
Health Care Cost Inflation Rate	8.05 %	7.14 %
Net Effective Discount Rate	0.82 %	0.70 %
Expected Rate of Salary Increase	7.33 %	6.66 %
General Inflation Rate (CPI)	7.05 %	6.14 %
Expected Retirement Age - Females	63	65
Expected Retirement Age - Males	63	65

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	**44,983,000**	**39,121,000**
Present value of unfunded obligations	**44,983,000**	**39,121,000**
Benefit Liability	**44,983,000**	**39,121,000**

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	1,776,000	1,597,772
Interest cost	3,134,000	2,162,795
Actuarial (gains)/losses	2,438,392	7,196,112
Total included in Employee Related Costs (see to note 34).	**7,348,392**	**10,956,679**

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	39,121,000	29,465,874
Current service cost	1,776,000	1,597,772
Interest cost	3,134,000	2,162,795
Benefits paid	(1,486,392)	(1,301,553)
Actuarial (gain)/loss on the obligation	2,438,392	7,196,112
Balance at end of year	**44,983,000**	**39,121,000**

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the aggregate of the current service cost and the interest cost	1,176,000	1,011,000
Effect on the defined benefit obligation	7,402,000	6,737,000

Decrease

Effect on the aggregate of the current service cost and the interest cost	(929,000)	(793,000)
Effect on the defined benefit obligation	(5,985,000)	(5,402,000)

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Defined benefit obligation	44,983,000	39,121,000	29,465,874	25,894,658	23,581,042
Experience adjustments on plan liabilities	2,440,000	6,006,000	1,928,461	(96,453)	2,910,018

The municipality expects to make a contribution of R 6 049 000 (2013: R 4 910 000) to the defined benefit plans during the next financial year.

Refer to Note 52 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

	2014 R	2013 R

21. PROVISION FOR EMPLOYEE BENEFITS (continued) (continued)

Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2013 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by ZAQEN Actuaries (Pty) Ltd, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 55 (2013: 55) employees were eligible for Long-service Awards.

The future service cost for the ensuing year is established to be R 702 000 whereas the interest-cost for the next year is estimated to be R 671 000 (2013: R 653 000 and R 595 000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	7.96 %	7.40 %
Expected Rate of Salary Increase	7.33 %	6.66 %
Net Effective Discount Rate	0.59 %	0.69 %
General Inflation Rate (CPI)	6.33 %	5.66 %
Expected Retirement Age - Females	63	65
Expected Retirement Age - Males	63	65

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	8,418,000	7,919,000
	8,418,000	**7,919,000**
Present value of unfunded obligations	8,418,000	7,919,000
Net liability	**8,418,000**	**7,919,000**

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	653,000	440,918
Interest cost	592,000	381,241
Actuarial (gain)/loss on the obligation	(228,762)	2,300,715
Total included in Employee Related Costs (see to note 34).	**1,016,238**	**3,122,874**

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	7,919,000	5,417,250
Current service cost	653,000	440,918
Interest cost	592,000	381,241
Benefits paid	(517,238)	(621,124)
Actuarial (gain)/loss on the obligation	(228,762)	2,300,715
Balance at end of year	**8,418,000**	**7,919,000**

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Defined benefit obligation	8,418,000	7,919,000	5,417,250	4,631,672	3,976,914
Experience adjustments on plan liabilities	(230,000)	1,350,000	291,445	397,711	(87,846)

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
22. STATUTORY FUND: HOUSING DEVELOPMENT		
Balance at the beginning of the year	**253,282**	**481,582**
Analysis of the composition of the Housing Development Fund:		
Housing Development Fund	**253,282**	**421,772**
Unappropriated Surplus	-	-
Loans extinguished by Government on 1 April 1998	253,282	421,772
The Housing Development Fund is represented by the following assets and liabilities:		**Restated**
Housing selling scheme loans (see note 14).	24,384	179,068
Long- Term Receivables (see note 13).	228,898	242,704
Bank and cash	-	-
Total Housing Development Fund Assets and Liabilities	**253,282**	**421,772**

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

23. RESERVES: CAPITAL REPLACEMENT		**Restated**
Balance at the beginning of the year	90,702,790	110,455,177
Contribution from accumulated Surplus	41,695,017	24,546,084
Capital Contributions received	662,722	630,073
Funding Capital Projects	(46,060,529)	(44,928,544)
Total Capital Replacement Reserve	**87,000,000**	**90,702,790**
		#REF!

The Capital Replacement Reserve is a reserve to finance future capital expenditure, is fully funded and invested in Financial Instruments.

Comparatives have been restated due to the correction of an error (refer to note 59). (a) i).

24. ACCUMULATED SURPLUS		**Restated**
The following internal funds and reserves are ring-fenced within the Accumulated Surplus.		
Capitalisation reserve	1,014,457,246	1,062,563,431
Donations and public contribution reserve	12,777,713	5,889,024
Government Grants Reserve	213,175,783	184,549,269
Accumulated surplus/(deficit) due to the results of operations	488,938,582	452,232,585
Total Accumulated Surplus	**1,729,349,324**	**1,705,234,309**

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donation and Public Contribution Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donation and Public Contribution Reserve ensures consumer equity and is not backed by cash.

The Government Grant Reserve equals the carrying value of the items of property, plant and equipment financed by government. The Government Grant Reserve ensures consumer equity and is not backed by cash.

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 59 b(ii) and b (iii) "Correction of Error" for details of the restatements.

Recognition of Long outstanding building deposits
Recognition of accruals not raised

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
25. PROPERTY RATES		
Actual		**Restated**
Residential	49,162,468	46,585,651
Commercial	5,732,025	5,316,780
Industrial	3,705,437	3,485,110
Rural	10,614,176	10,699,866
State	3,364,136	3,482,112
	72,578,242	**69,569,519**
Less: Revenue Forgone	2,027,348	2,295,404
Total Assessment Rates	**70,550,894**	**67,274,115**
Valuations		
Actual		**Restated**
Residential	8,931,171,232	15,627,728,999
Commercial	871,907,750	854,773,750
Industrial	558,486,387	554,159,500
Rural	7,690,656,567	885,129,000
State	557,747,000	556,959,000
	18,609,968,936	**18,478,750,249**

Assessment Rates are levied on the value of land and improvements, less R 15 000 for residential properties, which valuation must be performed every four years. Interim valuations are processed on a bi- annual basis in November and April of each year to take into account changes in individual property values due to alterations, consolidations and subdivisions. The last valuation came into effect on 1 July 2012.

Differential rates of 0.005732 c/R for residential properties and 0.006666 c/R for commercial, industrrial, rural and state properties (2012/2013: 0 .005512 and 0.006289 c/R) on land and building valuations were applied to determine assessment rates. A rebate of 40,00 % (2012/2013: 40,00%) was allowed on residential properties for pensioners based on the annual income of the ratepayer whilst a discount of 75 % (2012/2013: 75 %) was granted on properties owned by residence of Jakkalsfontein and Grotto Bay as well as on agricultural land. A exemption of R 15 000 on the value of the property is granted to residential property owners. A further R 200 000 discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for resident 65 years and older on condition that they occupy the premises.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable on the last day of the month. Interest is levied at the prime rate plus 1% on outstanding property rates amounts.

Revenue Forgone are in respect of assistance to and providing basic service levels to indigent households to an amount equal to the property valuation up to R 100 000.

26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES		
Conditional Grants		
ACIP: Water Conservation	2,827,000	3,019,830
Cleanest Town	61,651	94,493
Community Development: Workers	8,859	20,257
Compliance Management	55,800	-
Energy Efficiency and Demand Side Management	4,999,700	-
Disaster Fund	-	108,505
Extended Public Works Programme	1,000,000	1,000,000
Financial Management Grant	1,300,130	1,230,516
Financial Management Support Grant: Annual Report	178,886	-
Financial Management Support Grant: Asset Management	219,452	80,548
Financial Management Support Grant: Tariff Modelling	138,601	11,399
Fire Damage: Housing	221,493	-
Housing: Abbotsdale	38,710,932	5,404,300
Housing: Chatsworth	-	2,931,870
Housing Consumer Education Grant	820	7,092
Housing: Klippiesdal	-	835,680
Libraries	5,114,000	4,500,000

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
Municipal Infrastructure Grant	17,395,000	14,525,000
Municipal Systems Improvement Grant	954,103	756,299
Pedestrian Pathways Darling	508,000	-
Proclaimed Roads Subsidies	178,000	172,000
Sondeza	100,000	100,000
State Funeral Madiba	100,000	
Thusong Centre: Operational Support	-	218,000
Thusong Centre	-	500,000
Upgrading Netball Courts	14,235	185,765
Financial Management Support Grant	173	328,643
Westbank Rectification	814,980	2,171,092
Total: Conditional Grants	**74,901,815**	**38,201,289**
Unconditional Grants		
Equitable Share	32,506,000	26,752,000
Total: Unconditional Grants	**32,506,000**	**26,752,000**
Total Government Grant and Subsidies	**107,407,815**	**64,953,289**
26. 1 ACIP		
Balance unspent at beginning of year	403,572	-
Current year receipts	-	3,423,402
Conditions met - transferred to revenue	(2,827,000)	(3,019,830)
Transferred to debtors	2,423,428	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**403,572**

Funds made available for the construction of a Waste Water Treatment Works at Riebeeck Wes and Kasteel.

26. 2 Broadcasting Booth: Moorreesburg		
Balance unspent at beginning of year	-	-
Current year receipts	150,000	-
Transferred to debtors	(150,000)	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds made available by PAWC for the construction of a Broadcasting Booth at the Gene Louw Sport complex.

26. 3 Cleanest Town		
Balance unspent at beginning of year	31,327	75,820
Current year receipts	50,000	50,000
Conditions met - transferred to revenue	(61,651)	(94,493)
Conditions still to be met transferred to liabilities (see note 20)	**19,676**	**31,327**

Prize money for winning the national cleanest and greenest town competitions.

26. 4 Community Development: Workers		
Balance unspent at beginning of year	8,859	2,116
Current year receipts	-	27,000
Conditions met - transferred to revenue	(8,859)	(20,257)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**8,859**

Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.

	2014 R	2013 R
26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
26. 5 Compliance Management		
Balance unspent at beginning of year	-	-
Current year receipts	55,800	-
Conditions met - transferred to revenue	(55,800)	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds made available for the implementation of legal compliance software.

26. 6 Disaster Fund		
Balance unspent at beginning of year	-	108,505
Current year receipts	-	-
Conditions met - transferred to revenue	-	(108,505)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds provided and partly expended on flood and fire damage of low cost housing.

26. 7 Energy Efficiency and Demand Side Management		
Balance unspent at beginning of year	-	-
Current year receipts	4,999,700	-
Conditions met - transferred to revenue	(4,999,700)	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds provided to improve efficiency of electricity usage.

26. 8 Extended Public Works Programme		
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

The purpose of the grant is to enable the Municipality to create jobs.

26. 9 Financial Management Grant		
Balance unspent at beginning of year	130	-
Current year receipts	1,300,000	1,250,000
Conditions met - transferred to revenue	(1,300,130)	(1,230,516)
Transferred to debtors	-	(19,354)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**130**

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.

26. 10 Financial Management Support Grant: Annual Report		
Balance unspent at beginning of year	-	-
Current year receipts	200,000	-
Conditions met - transferred to revenue	(178,886)	-
Conditions still to be met transferred to liabilities (see note 20)	**21,114**	**-**

The purpose of the grant is to enable the Municipality to modernise and improve its Annual Report.

	2014 R	2013 R
26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
26. 11 Financial Management Support Grant: Asset Management		
Balance unspent at beginning of year	219,452	-
Current year receipts	-	300,000
Conditions met - transferred to revenue	(219,452)	(80,548)
	-	**219,452**
Conditions still to be met transferred to liabilities (see note 20)		

The purpose of the grant is to enable the Municipality to modernise and improve its Asset Register and Asset Management activities.

26. 12 Financial Management Support Grant: Tariff Modelling		
Balance unspent at beginning of year	138,601	-
Current year receipts	-	150,000
Conditions met - transferred to revenue	(138,601)	(11,399)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**138,601**

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities regarding tariff structures.

26. 13 Fire Damage: Housing		
Balance unspent at beginning of year	123,515	-
Current year receipts	140,306	123,515
Conditions met - transferred to revenue	(221,493)	-
Conditions still to be met transferred to liabilities (see note 20)	**42,328**	**123,515**

Funds provided to enable the Municipality to finance the repair costs of houses damaged by fire for low income groups.

26. 14 Housing: Abbotsdale		
Balance unspent at beginning of year	995,700	-
Current year receipts	36,189,375	6,400,000
Conditions met - transferred to revenue	(38,710,932)	(5,404,300)
Transferred to debtors	1,525,857	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**995,700**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

26. 15 Housing: Chatsworth		
Balance unspent at beginning of year	-	2,931,870
Current year receipts	-	-
Conditions met - transferred to revenue	-	(2,931,870)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

26. 16 Housing Consumer Education Grant		
Balance unspent at beginning of year	20,105	27,197
Current year receipts	-	-
Conditions met - transferred to revenue	(820)	(7,092)
Conditions still to be met transferred to liabilities (see note 20)	**19,285**	**20,105**

Funds allocated for educating first time homeowners.

	2014 R	2013 R
26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
26. 17 Housing: Klippiesdal		
Balance unspent at beginning of year	-	-
Current year receipts	-	835,680
Conditions met - transferred to revenue	-	(835,680)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

26. 18 Libraries		
Balance unspent at beginning of year	-	-
Current year receipts	5,114,000	4,500,000
Conditions met - transferred to revenue	(5,114,000)	(4,500,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds provided for the partial funding of the operational costs of libraries in the area under the jurisdiction of the Swartland Municipality.

26. 19 Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	-
Current year receipts	17,395,000	14,525,000
Conditions met - transferred to revenue	(17,395,000)	(14,525,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds made available to the Municipality for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection / construction of new amenities required for service delivery.

26. 20 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	27,748	-
Current year receipts	890,000	800,000
Conditions met - transferred to revenue	(954,103)	(756,299)
Transferred to Debtors	36,355	(15,953)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**27,748**

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, the implementation of GRAP compliant Financial Statements and Asset Register, municipal finance management legislation and regulating policies.

26. 21 Pedestrian Pathways Darling		
Balance unspent at beginning of year	-	-
Current year receipts	508,000	-
Conditions met - transferred to revenue	(508,000)	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Funds provided to the Municipality to finance the cost of sidewalks.

26. 22 Proclaimed Roads Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts	178,000	172,000
Conditions met - transferred to revenue	(178,000)	(172,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs is partly recoverable from the Administration.

	2014 R	2013 R
26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
26. 23 Sondeza		
Balance unspent at beginning of year	-	-
Current year receipts	100,000	100,000
Conditions met - transferred to revenue	(100,000)	(100,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**
Funds received from PAWC for the hosting of a Youth Camp.		
26. 24 State Funeral Madiba		
Balance unspent at beginning of year	-	-
Current year receipts	100,000	-
Conditions met - transferred to revenue	(100,000)	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**
Funds received from PAWC for expenses regarding travelling costs for people attending a memorial service.		
26. 25 Thusong Centre: Operational Support		
Balance unspent at beginning of year	-	-
Current year receipts	-	218,000
Conditions met - transferred to revenue	-	(218,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**
Funds allocated and expended in connection with the operations of the Thusong Centre.		
26. 26 Thusong Centre		
Balance unspent at beginning of year	-	500,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	(500,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**
Funds allocated and expended in connection with expanding and renovating the Thusong Centre.		
26. 27 Upgrading Netball Courts		
Balance unspent at beginning of year	14,235	-
Current year receipts	-	200,000
Conditions met - transferred to revenue	(14,235)	(185,765)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**14,235**
Funds allocated and expended for the upgrading the Moorreesburg Netball Courts.		
26. 28 Financial Management Support Grant (Standards)		
Balance unspent at beginning of year	173	28,816
Current year receipts	-	300,000
Conditions met - transferred to revenue	(173)	(328,643)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**173**
Funds that were allocated and spend are utilised to determine financial ratios for future benchmarking in Municipalities.		
26. 29 Westbank Rectification		
Balance unspent at beginning of year	-	-
Current year receipts	814,980	2,171,092
Conditions met - transferred to revenue	(814,980)	(2,171,092)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**
Funds have been allocated to the municipality for the upgrade of certain houses in the Swartland region. These houses belong to private owners whom required assistance from government. The buildings were in a bad condition and required urgent repairs/ maintenance to its floors, roofs, etc.		

	2014 R	2013 R
26. GOVERNMENT AND OTHER GRANTS AND SUBSIDIES (continued)		
26. 30 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	32,506,000	26,752,000
Conditions met - transferred to revenue	(32,506,000)	(26,752,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

In terms of the Constitution, article 227 (1) *(a)* a Municipality is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. This unconditional grant is used primarily to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant. No funds were withheld.

26. 31 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

27. PUBLIC CONTRIBUTIONS AND DONATIONS

Public Contributions and donations		**Restated**
Fanie Malherbe: Illinge Lethu Gym	-	150,000
PPC: Upgrading Riebeek Valley WWTW	2,000,000	-
Total: Public Contributions and donations	**2,000,000**	**150,000**
Other contributions and donations		
National Lottery	938,590	484,000
Total: other contributions and donations	**938,590**	**484,000**
Total: Contributions and donations	**2,938,590**	**634,000**

27. 1 Fanie Malherbe: Illinge Lethu Gym		
Balance unspent at beginning of year	-	-
Current year receipts	-	150,000
Conditions met - transferred to revenue	-	(150,000)
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Contribution towards the construction of the Illinge Lethu gym.

27. 2 Douglas Wheatly Familie Trust: Traffic Circle		**Restated**
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Contribution towards the construction of a traffic circle in Yzerfontein.

Comparatives have been restated due to the correction of an error (refer to note 59). (b) vii)

27. 3 C J Pretorius Family Trust: Traffic Circle		**Restated**
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**-**

Contribution towards the construction of a traffic circle in Yzerfontein.

Comparatives have been restated due to the correction of an error (refer to note 59). (b) vii)

	2014 R	2013 R
27. PUBLIC CONTRIBUTIONS AND DONATIONS (continued)		
27. 4 National Lottery		
Balance unspent at beginning of year	446,193	930,193
Current year receipts	-	-
Conditions met - transferred to revenue	(938,590)	(484,000)
Transferred to Debtors	492,397	-
Conditions still to be met transferred to liabilities (see note 20)	**-**	**446,193**

Funds allocated for the establishment and upgrading of sport facilities.

28. FINES

Included in other income is the following:-

Fines: Councillors	1,097	219
Library Chatsworth	264	396
Library Darling	5,064	4,579
Library Malmesbury	10,431	11,130
Library Moorreesburg	6,018	4,421
Library Riebeek Kasteel	3,377	2,725
Library Riebeek Wes	6,388	3,749
Library Wesbank	6,751	7,253
Traffic Fines	23,695,000	2,913,359
Total Other Income	**23,734,390**	**2,947,831**

29. LICENCES AND PERMITS

Application: Driver Licenses	821,704	746,959
Application: Instruction Certificate	4,342	3,474
Application: Learner Licenses	266,037	242,118
Application: Roadworthy Certificate	452,524	447,871
Application: Special Permits	36,144	43,008
Application: Temporary Permits	65,868	71,478
Drivers Licenses: Issue	414,861	459,498
Drivers Licenses: Temporary	67,818	72,318
Instruction Certificates: Issue	347	232
Learners License: Duplicate	6,108	7,701
Learners Licenses: Issue	69,765	58,157
Roadworthy Certificates	94,400	93,097
License Stickers	-	-
Licences: Deregistration, Special a	27,250	28,600
Licenses: Trading	747	1,364
Professional Driver Permits	138,669	139,371
Registrations: Duplicate	114,675	112,530
Registrations Vehicles	901,684	690,897
Registrations: Vehicle Information	132	88
Traffic Register: Duplicate	5,016	6,334
	3,488,091	**3,225,095**

30. SERVICE CHARGES **Restated**

Sale of electricity	183,016,766	173,965,790
Sale of water	35,287,372	33,821,997
Refuse removal	25,149,713	23,480,323
Sewerage and sanitation charges	34,421,486	30,489,576
	277,875,337	**261,757,686**
Less: Revenue Forgone	26,908,556	24,328,006
Total Service Charges	**250,966,781**	**237,429,680**

	2014 R	2013 R

30. SERVICE CHARGES (continued)

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Revenue Forgone are in respect of assistance by providing free basic services to indigent households as follows:
Electricity = 50 kWh;
Water = 10 kl;
Sewerage = R 143; and
Refuse = R 88.

Comparatives have been restated due to the correction of an error (refer to note 59. (b) i) and (b) iii)

31. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Buildings	351,571	353,288
Rental Revenue from Halls	241,289	258,695
Rental Revenue from Other facilities	2,646,318	2,273,485
Total Rental of Facilities and Equipment	**3,239,178**	**2,885,468**

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

32. INTEREST EARNED

		Restated
External Investments / Cash Deposits:		
Bank Account	299,317	433,008
Interest earned- Investments	12,634,559	9,484,488
	12,933,876	**9,917,496**
Outstanding Debtors:		
Rates	443,779	399,636
Long-term Receivables	6,164	6,318
Consumer Debtors	1,251,446	933,077
Other Debtors	112,040	102,087
	1,813,429	**1,441,118**
Total Interest Earned	**14,747,305**	**11,358,614**

Interest Earned on Financial Assets, analysed by category of asset, is as follows:		**Restated**
Loans and Receivables	14,747,305	11,358,614
	14,747,305	**11,358,614**

Comparatives have been restated due to the correction of an error (refer to note 59. (b) i)

33. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

Included in other income is the following:-		**Restated**
Administration Costs	60,525	56,534
Admission Fees: Malmesbury	112,317	102,004
Application: Service Connections	193,705	153,959
Blockages: Sewerage	288,108	272,315
Bulk Waste Dumping	916,092	858,024
Capital Contribution (Developers): Fixed	580,652	516,377
Cemetery Fees: Darling	89,190	71,086
Cemetery Fees: Malmesbury	149,714	119,973
Cemetery Fees: Moorreesburg	137,131	130,387
Clearance Certificates	103,246	106,267
Commission: Collections	63,538	61,062
Consent use	53,044	-
Contribution Parking Areas	53,882	115,918
Credit Card Cost: Recoverable	-	89,733
Creditors Cheques not deposited	87,747	-
Day Visitors	53,158	53,061
Deviation of Building Regulation	104,058	133,003
Discount: Fuel	81,151	73,186
Efficiency Development	293,261	473,503

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

33. OTHER REVENUE FROM EXCHANGE TRANSACTIONS (continued)	2014 R	2013 R
Entrance Fees Boats	-	158,877
Entrance Fees: Rubber Ducks	-	52,913
Escorts: Heavy Vehicles	-	-
Excess Payment: Insurance Claims	147,565	204,989
Film Shooting	115,893	98,048
Gain on vesting of Properties	4,731,032	-
Industrial Sewerage	4,188,913	3,626,841
New Connections	1,882,632	1,058,765
Occupation Certificates	179,300	-
Photostats	111,571	113,085
Plan fees: Buildings	1,267,803	1,338,592
Plan Fees: Unauthorized Building	107,648	191,703
Private Work	-	80,401
Rates: Lessees	121,649	123,518
Refuse Coupons: Malmesbury	187,306	172,426
Refuse Coupons: Moorreesburg	114,645	59,106
Rezoning	-	54,554
Selling: Purified Sewerage Water	528,323	1,603,793
Special Waste Dumping	345,735	685,689
Street Entrances and Pavements	-	90,235
Sundries	90,820	-
Deposits Forfeited	-	-
Valuation Certificates	96,843	50,923
Traffic Support Services	91,411	-
Wonderbags	-	72,600
Housing Scheme/Private Organisations Loan Instalments	187,670	202,932
Other (less than R 50 000)	686,501	648,555
Total Other Income	**18,603,779**	**14,074,937**

The amounts disclosed above for Other Income are in respect of services rendered, other than described in Notes 3 and 4, which are billed to or paid for by the users according to approved tariffs.

Comparatives have been restated due to the correction of an error (refer to note 59. (b) i) and (b)iii)

34. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	75,800,843	70,514,354
Employee related costs - Contributions for UIF, pensions and medical aids	20,833,268	19,483,027
Travel, motor car, accommodation, subsistence and other allowances	11,320,531	10,527,974
Housing benefits and allowances	412,712	441,009
Overtime payments	4,464,998	4,214,022
Bonuses: 13th Cheque	6,097,937	5,588,555
Contribution to Leave Gratuity	1,465,458	601,749
Contribution to provision for post- retirement medical aid benefits:	**7,348,392**	**10,956,679**
Current service cost	*1,776,000*	*1,597,772*
Interest cost	*3,134,000*	*2,162,795*
Actuarial (gains)/losses	*2,438,392*	*7,196,112*
Contribution to long-service provision	1,016,238	3,122,874
Total Employee Related Costs	**128,760,377**	**125,450,243**

No advances are made to employees.

	2014	2013
	R	R

34. EMPLOYEE RELATED COSTS (continued)

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	1,062,341	992,446
Car Allowance	214,527	215,552
Cell Phone Allowance	13,500	13,200
Long-service award	-	-
Other	1,966	19,862
Contributions to UIF, Medical and Pension Funds, etc.	231,985	216,013
Total	**1,524,319**	**1,457,073**

Remuneration of the Chief Finance Officer

Annual Remuneration	679,266	631,806
Car Allowance	207,145	238,880
Cell Phone Allowance	13,200	13,112
Long-service award	69,264	-
Leave Pay	34,632	32,673
Other	3,081	10,342
Contributions to UIF, Medical and Pension Funds, etc.	158,823	147,182
Total	**1,165,411**	**1,073,995**

Remuneration of Individual Executive Directors

30 June 2014

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
	R	R	R	R	R
Annual Remuneration	661,067	694,103	654,987	674,685	633,646
Car Allowance	66,465	85,569	158,626	138,807	175,323
Cell Phone Allowance	6,878	11,592	11,835	11,936	11,153
Long-service award	-	-	-	-	-
Leave Pay	-	31,121	-	-	32,036
Other	-	486	3,794	376	870
Contributions to UIF, Medical and Pension Funds,	168,202	172,224	178,676	161,158	173,795
Total	**902,612**	**995,095**	**1,007,918**	**986,962**	**1,026,823**

Remuneration of Individual Executive Directors (continued)

30 June 2013

	Corporate Services	Civil Engineering Services	Electrical Engineering Services	Development Services	Protection Services
	R	R	R	R	R
Annual Remuneration	625,416	650,076	604,786	628,602	590,109
Car Allowance	65,949	87,600	158,252	136,720	176,854
Cell Phone Allowance	5,796	11,942	12,103	11,658	9,978
Long-service award	-	-	45,176	167,197	-
Leave Pay	-	-	-	-	30,223
Other	-	492	24,051	444	40
Contributions to UIF, Medical and Pension Funds,	158,449	161,101	169,487	160,860	160,888
Total	**855,610**	**911,211**	**1,013,855**	**1,105,481**	**968,092**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
34. EMPLOYEE RELATED COSTS (continued)	**R**	**R**

The following accrued to key management personnel in terms of GRAP 25 as at 30 June:

Post Retirement Medical Aid Benefit Liability:		
Municipal Manager	211,895	200,060
Chief Financial Officer	271,405	263,213
Executive Director: Corporate Services	132,873	112,422
Executive Director: Civil Engineering Services	411,055	326,226
Executive Director: Electrical Engineering Services	548,704	452,464
Executive Director: Development Services	399,332	335,272
Executive Director: Protection Services	266,600	213,268
Total	**2,241,864**	**1,902,925**
Long Service Awards Liability		
Municipal Manager	159,196	178,352
Chief Financial Officer	65,743	161,094
Executive Director: Corporate Services	191,954	150,745
Executive Director: Civil Engineering Services	-	101,971
Executive Director: Electrical Engineering Services	52,617	36,524
Executive Director: Development Services	-	178,024
Executive Director: Protection Services	92,927	92,872
Total	**562,437**	**899,582**
Staff leave		
Municipal Manager	231,776	214,437
Chief Financial Officer	60,391	83,315
Executive Director: Corporate Services	135,351	120,666
Executive Director: Civil Engineering Services	104,349	130,923
Executive Director: Electrical Engineering Services	280,396	254,580
Executive Director: Development Services	253,056	253,041
Executive Director: Protection Services	87,625	77,068
Total	**1,152,944**	**1,134,030**

35. REMUNERATION OF COUNCILLORS		
Executive Mayor	450,404	408,233
Deputy Executive Mayor	362,839	323,882
Speaker	317,376	61,960
Mayoral Committee Members	1,314,051	1,203,584
Councillors	2,347,842	1,921,160
Councillors' - pension contribution	720,343	587,867
Councillors' - medical aid contribution	217,708	334,356
Councillors' - travelling allowances	1,494,734	1,533,284
Councillors' - telephone allowances	477,608	328,898
Total Councillors' - Remuneration	**7,702,905**	**6,703,224**

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

		Restated
36. DEPRECIATION, IMPAIRMENT AND AMORTISATION		
Depreciation: Property, Plant and Equipment (Refer note 8)	67,919,147	71,104,017
Amortisation: Intangible Assets (Refer note 12)	235,484	117,814
Depreciation: Investment Property (Refer note 10)	1,566,127	1,556,185
Impairment: Property, Plant and Equipment (Refer note 8)	202,394	2,159,398
Total: Depreciation , Impairment and Amortisation	**69,923,152**	**74,937,414**

	2014 R	2013 R
37. FINANCE COST		
Long-term liabilities	15,067,529	8,438,417
Finance Leases	39,878	47,518
Total Interest on External Borrowings	**15,107,407**	**8,485,935**
38. REPAIRS AND MAINTENANCE		
Included in other income is the following:-		
Air conditioners	45,221	49,580
Buildings	1,428,408	1,237,419
Caravan Park	41,334	30,562
Cemeteries	7,612	18,730
Christmas Lighting	19,674	29,268
Cleaning Pumpstations	159,900	186,000
Cleaning Rivers	45,461	59,305
Commonage	20,013	29,450
Council Houses	150,091	286,848
Cutting Grass: PPC House Owners	28,600	48,000
Dewatering Plant	89,708	11,573
Drainage	137,036	151,141
Dumping site	3,401,254	3,050,111
Electrical Equipment - Sewerage	129,141	123,546
Fencing	191,430	309,590
Fire Extinguishers	11,625	6,605
Fire Hydrants	1,760	-
Furniture and Office Equipment	100,063	108,053
Housing Schemes Houses	39,543	26,373
Levelling of Dumping Grounds	506,730	401,470
Machinery and Equipment	631,566	550,104
Main Line Water	420,136	332,756
Main Sewerage	39,846	476,319
Network Electricity	553,459	568,378
Network Maintenance	42,026	54,671
Paardeberg Dam	387	1,089
Painting of Streets	245,524	191,438
Parks and Gardens	44,459	87,854
Patch work	731,059	814,674
Pavements	417,835	408,109
Replacement: Electricity Meters	56,128	58,302
Pumps	715,910	701,103
Purification Works	443,775	201,276
Radio Network	16,257	23,345
Replacement of Water Meters	176,776	182,153
Radios	19,398	16,220
River Road Buildings: Malmesbury	28,758	24,651
Rivers: Swartland	-	11,300
Service: Equipment	77,974	67,601
Sport Grounds	213,183	244,125
Street Lights and Poles	276,040	329,714
Street Maintenance	1,315,731	1,466,031
Swimming Pool	76,937	43,165
Telemetry	126,911	110,874
Telephone System: Support	138,267	143,654
Toxin	486,274	301,742
Traffic Lights	12,729	42,150
Tyres	826,810	422,350
Upgrading of Santam Offices	37,211	-
Vehicles	1,909,799	1,650,817
Aerators	159,536	5,995
Wesbank: Thusong Centre	266,021	-
	17,061,326	**15,695,584**

	2014 R	2013 R
39. BULK PURCHASES		
Electricity	125,342,988	117,785,103
Water	19,823,228	19,627,492
Total Bulk Purchases	**145,166,216**	**137,412,595**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the West Coast District Municipality.

40. CONTRACTED SERVICES

Included in other income is the following:-

Cleaning Public Open Spaces	625,427	561,564
Cleaning Services-Offices	100,032	96,000
Highlands Refuse Dump: Recycling	123,041	120,000
Printing of Accounts	262,844	236,566
Refuse Removal: RCK	341,313	318,730
Sweeping of Streets	1,899,841	1,762,906
	3,352,498	**3,095,766**

41. GRANTS AND SUBSIDIES PAID

Non-profit institution		
SPCA	168,540	168,540
National Sea Rescue Institute	-	-
Yzerfontein Conservancy	50,000	50,000
Museums		
Malmesbury	45,320	45,320
Darling	45,320	45,320
Oude Kerk	45,320	45,320
Wheat Industry	45,320	45,320
Tourism		
Swartland and Coastal Area	633,600	633,717
Social Upliftment		
Darling Focus	-	40,000
Huis van Heerde	25,000	25,000
Elkana Childcare	45,000	45,000
Multi Purpose Centre: Illinge Lethu	40,355	37,717
Multi Purpose Centre: Kalbaskraal	29,479	26,423
Multi Purpose Centre: Moorreesburg	40,000	40,000
Night Shelter	25,000	25,000
Old Age Homes	676,393	-
Jo Dolphin	20,000	20,000
ECD Centres	40,000	-
Total Grants and Subsidies	**1,974,647**	**1,292,677**

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality do not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the **SPCA.**

The National Sea Recue Institute (NSRI) is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations as the Municipality cannot offer this essential service.

The **Yzerfontein Urban Conservancy** came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

	2014 R	2013 R

41. GRANTS AND SUBSIDIES PAID (continued)

Museums generally do not generate sufficient income from own resources, and are therefore dependant on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

Aware of the importance of the promotion of tourism in the area falling under the Municipality, the Council deems it their duty and privilege to assist financially towards the needs of the various **tourism bureau's** serving the area.

The aim of **these organisations** entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

42. RESEARCH AND DEVELOPMENT COSTS

		Restated
Electricity	-	-
Water	249,661	150,000
Sewerage	249,332	224,504
Refuse	-	-
Roads	352,799	249,549
Total Research and Development Costs	**851,792**	**624,053**

Research and Development Costs disclosed above, have been expensed immediately and are in respect of research into the future needs of the municipality and new resources to fulfil these needs.

43. GENERAL EXPENSES

		Restated
Included in general expenses is the following:-		
Actuarial Costs	-	18,950
Additional Development Systems	226,410	-
Administration Costs: Vehicles	100,240	98,299
Advertisements	548,432	469,509
Audit Committee Expenditure	-	55,531
Audit Costs	1,867,060	1,630,736
Audit: Dumping Site	128,561	
Bank costs	467,554	456,164
By-laws: Review	78,001	
Capacity Building	155,710	
Capacity Building: Budgets	83,288	
Cellphone Costs	366,695	365,825
Chatsworth Housing	-	-
Chemicals	881,010	941,387
Cleaning	97,511	
Cloaks	-	-
Collab Legal Process for Credit Control	98,986	-
Commission	1,115,103	1,113,517
Connection Fees	1,169,276	742,329
Consumables	544,340	512,148
Delegations/Congresses	92,328	59,678
Efficiency Development	1,052,634	967,964
Electricity: Eskom	608,555	507,721
Entertainment	-	32,108
Evaluation of Posts	-	2,237
Environmental Legislation	216,277	182,018
Excess Payment: Perk Scheme	71,234	-
External Affairs	67,718	-
Fuel and Oil	6,549,055	5,655,456
Operating Lease Expenditure	182,471	84,200
Fuel: Machinery	73,293	-
Insurance	736,810	605,236
Insurance: Excess payments	99,618	-
Internet Connectivity and Access	160,521	-
Inventory: Tools and Equipment	70,626	80,565

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
43. GENERAL EXPENSES (continued)		
LED Projects: Red Door	-	-
Legal Fees	546,683	135,366
Levy: Industrial Council	51,289	-
Licenses: Computer Systems	848,217	1,109,116
Licenses: Vehicles	442,834	-
Load Management	64,488	
Magistrate Fees	501,465	219,042
Masterplanning: Services	851,792	374,504
Mayor Expenses	-	5,866
Membership Fees: Council	1,229,597	1,357,813
Municipal Systems Improvement Grant	952,983	-
Occupational Rent: Chatsworth	476,842	779,342
Planning: Roads and Stormwater	-	249,549
Paperwork: Integrated Waste Management Plan	155,107	350,000
Postage	771,475	761,632
Printing and Stationery	646,175	604,766
Programming: Spreadsheets	-	28,881
Projects	285,458	246,371
Projects: Ward Committees	99,310	-
Protective Clothing	846,437	763,242
Protective Clothing: Contract Workers	127,588	64,563
Redemption of Loans	168,490	-
Refreshments: Offices	166,710	136,445
Rental of Facilities and Hiring of Equipment	-	8,539
Rent Offices : Pep Building	355,351	355,352
Rent Offices : Sanlam Building	178,357	178,357
Rent Offices : Santam Building	155,259	-
ROR	100,000	-
SDF Plans	127,374	-
Security Services	855,983	716,373
Software	124,455	-
Sundries		-
Abbotsdale Sewerage	9,000	-
Educational Boards	420,934	-
Other	1848	-
Subscriptions	-	8,649
Support: Financial System	382,670	315,149
Support: Electronic Document Management	470,161	440,000
Support: Human Resources System	-	13,454
Support: Strategic Management System	55,000	55,000
Support: Prepaid Electricity System	-	24,409
Survey Costs	348,652	255,195
Taxi: Transport Workers	105,740	-
Telecommunications	772,731	801,144
Test Station Inspection Fees	-	15,012
Testing Sewerage	387,996	365,609
Town Planning	238,031	251,300
Traffic Fines: Belstow	526,795	3,367,804
Traffic Fines: Syntell	762,753	-
Traffic Signs	80,343	-
Training	-	-
Training: Efficiency Development	1,100,194	-
Travelling Costs	400,786	1,073,307
Trees / Plants	78,008	-
Valuations	-	246,793
Valuations - Supplementary	282,592	278,631
Valuations: Insurance	-	86,970
Youth Camp (Africa Union)	395,268	354,719
Wonderbags	57,359	92,741
Government Grant Expenditure	-	3,729,514
Other	1,190,014	2,228,290

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
43. GENERAL EXPENSES (continued)		
Other Grants		
Cleanest Town	61,650	-
Community Development Workers	-	-
Disaster Management	451,071	139,817
Financial Management Support Grant	536,939	-
Housing Consumer Education Grant	-	-
Housing Abbotsdale	23,518,091	-
Travelling Costs: Madiba	100,000	-
Total General Expenses	**61,773,662**	**37,170,204**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and is not directly attributable to a specific service or class of expense.

44. CASH GENERATED BY OPERATIONS		**Restated**
Surplus/(Deficit) for the year	20,243,735	(2,166,928)
Adjustment for:		
Depreciation and Amortisation	69,720,758	72,759,422
Impairment	202,394	2,159,398
Gain on disposal of property, plant and equipment	(540,262)	
Loss on disposal of property, plant and equipment	9,122,078	491,941
Donated property, plant and equipment	(112,900)	(80,875)
Other non-cash items	(3,295,059)	(143,376)
Increase/(Decrease) in provisions	6,758,737	12,307,995
Increase/(decrease) in consumer deposits	1,066,930	609,256
Investment income	(12,933,876)	(9,917,496)
Interest paid	15,107,407	8,485,935
Operating surplus before working capital changes:	**105,339,942**	**84,505,272**
(Increase)/decrease in inventories	(2,083,464)	(1,843,408)
(Increase)/decrease in exchange transactions	(1,289,682)	(4,778,122)
(Increase)/decrease in non- exchange transactions	(6,900,262)	2,043,701
(Decrease)/increase in unspent conditional grants and receipts	(77,207)	(2,162,190)
Increase/(Decrease) in net operating leases	(38,084)	11,344
Increase/(decrease) in Payables from Exchange transactions	10,247,192	2,704,822
Increase/(Decrease) in VAT	(88,546)	784,688
Cash generated by/(utilised in) operations	**105,109,889**	**81,266,107**

45. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The Municipality was engaged in exchange transactions of non- monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

46. FINANCING FACILITIES

Unsecured Bank Overdraft Facility, reviewed annually and payable at call:

- Amount used	-	-
- Amount unused	1,000,000	1,000,000
	1,000,000	**1,000,000**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities (see Note 17)	141,396,555	146,722,853
Used to finance property, plant and equipment - at cost	141,396,555	146,722,853
Sub- total	**-**	**-**
Cash set aside for the repayment of long-term liabilities	3,765,738	5,244,094
Cash invested for repayment of long-term liabilities	**3,765,738**	**5,244,094**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that the upcoming annual payment for long-term liabilities can be made.

48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

48. 1 Unauthorised expenditure		
Opening Balance	7,724,907	8,263,868
Unauthorised capital expenditure in the current year	1,485,815	1,216,172
Unauthorised operating expenditure in the current year	21,474,143	6,508,735
	30,684,865	**15,988,775**
Less: Approved/Condoned by Council	(7,724,907)	(8,263,868)
Unauthorised expenditure awaiting authorisation	**22,959,958**	**7,724,907**

Unauthorised expenditure to the value of R 22,959,958 occurred as a result of overspending on several votes of the budget. These over expenditure amounts are not recoverable and will be tabled before council for approval or condonement in January 2015 when the adjustment budget will be tabled (refer to The Statement of Comparison of Budget and Actual Amounts for more details with regards to unauthorised expenditure per department).

48. 2 Fruitless and wasteful expenditure		
Opening Balance	-	12,188
Fruitless and wasteful capital expenditure in the current year	-	-
Fruitless and wasteful operating expenditure in the current year	-	-
	-	**12,188**
Less: Approved/Condoned by Council	-	(12,188)
Fruitless and wasteful expenditure awaiting authorisation	**-**	**-**

SARS conducted an audit in 2012 for the years 2008/2009 as well as 2009/2010 and discovered that VAT was claimed whilst the vendor was not registered for VAT. An amount of R 12 188 in respect of interest was raised by SARS. No action was taken as no wilful misconduct occurred. This incident was approved by Council on 10 October 2012 and authorised to be written- off.

48. 3 Irregular expenditure

To the best of knowledge instances of note indicating that irregular expenses was incurred during the year under review were not revealed.

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49. 1 Contributions to organized local government

Opening balance	294,660	225,659
Council subscriptions (Disputed amounts included)	2,502,092	1,049,985
Amount paid - current year	(2,502,092)	(980,984)
Amount paid - previous years	(294,660)	-
Balance unpaid (included in creditors)	**-**	**294,660**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

49. 2 Audit fees

Opening balance	-	-
Current year audit fee	2,128,448	1,859,039
Amount paid - current year	(2,128,448)	(1,859,039)
Amount written back - previous years	-	-
Balance unpaid (included in creditors)	-	-

49. 3 VAT

VAT input receivables and VAT output payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.

49. 4 PAYE, UIF and SDL

Opening balance	-	-
Current year payroll deductions	16,127,023	14,657,407
Amount paid - current year	(16,127,023)	(14,657,407)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

49. 5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	29,776,590	28,863,776
Amount paid - current year	(29,776,590)	(28,863,776)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

49. 6 Councillor's arrear consumer accounts

During the financial year under review no Councillor was in arrear with the settlement of their municipal accounts.

49. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents as listed below have been condoned.

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of Energy Management and Validation Services as a specialist consultant for the Energy Efficiency Demand Side Management (EEDSM) projects for which funds have been awarded by the Department of Energy Item 7.7 of minutes of the Executive Mayoral committee held on 14 August 2013.	In order to comply with the specifications of the Department of Energy, quotations were requested from the panel of engineers that Swartland Municipality appointed in terms of tenders that were awarded in 2011 for three years as well as from the Management and Validation Services team of the University of Stellenbosch. Energy Management and Validation Services was the only service provider from whom a quotation was received. As the quotation amount exceeded R30 000 for which an informal tender process needs to be followed by advertising on the municipality's website, the municipality deviated from the official supply chain policy. Due to the urgency to appoint an appropriate qualified services provider and to comply with the due dates set by the Department of Energy it is not possible or practical to follow the official supply chain procedure. Furthermore, Energy Management and Validation Services are familiar with the electrical networks of the Swartland Municipality as they previously performed similar services during the Eskom load shedding project and have personnel with the necessary minimum qualifications, namely CEM (Certified Energy Managers).	R 124,000.00

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

49. 7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of Nelson Mandela Metropolitan University for the law enforcement training of reservist and law enforcement officers Item 7.11 of minutes of the Executive Mayoral committee held on 16 August 2013.	According to the Municipality's Integrated Development Plan and Government requirements, Law Enforcement training for the reservist and law enforcement officers has been identified. The municipality deviated from the normal supply chain procedures and appointed the Nelson Mandela Metropolitan University for the training as they are the only institution providing this training.	R 52, 873.68
Appointment of Power Transformers for the replacement of an electrical high voltage main ring unit. Item 7.9 of minutes of the Executive Mayoral Committee held on 9 April 2014	The high voltage ring main unit at the John Moller estate exploded and caused a power failure in the Tafelsig area. The mobile emergency generator was used to supply power until the ring main unit could be replaced. Due to an emergency the unit was order and supplied by Power	R 39,900.00
Appointment of Inenzo Water for the repair of the floating aerator Item 7.16 of minutes of the Executive Mayoral committee held on 16 October 2013.	Aerators are installed in the biological reactors of the wastewater treatment works and supply oxygen in the purification process. It is considered as critical equipment as the purification process is dependent on oxygen. Due to an emergency, Inenzo Water was appointed to repair the aerator as the urgent repair was essential for the sewerage process and therefore an informal tender process could not be followed. Furthermore, Inenzo Water provided the initial aerators and has the necessary skills to execute the repairs.	R 69, 645.25
Appointment of Unisearch for the public opinion survey process Item 7.18 of minutes of the Executive Mayoral committee held on 16 October 2013.	Professor De Wet Schutte sole owner of Unisearch was appointed to perform a specialized public opinion survey in Swartland. The method used by Unisearch is to obtain scientific data through public participation during the IDP process which will thus increase the level of participation in the community. The municipality deviated from the normal supply chain procedures, due to the Schutte-model being unique in its kind as it determines, assess and prioritize through a scientifically based analysis the needs of the community.	R 234, 600.00
Appointment of *Ajuba Promotions* for the supply of clothing for the Sondeza Camp. Item 7.12 of minutes of the Executive Mayoral Committee held on 15 November 2013	Quotations were requested from three suppliers for the supply of clothing to Swartland Municipality for the Sondeza 2013 Camp of whom only Ajabu Promotions responded. The quotation amount exceeded R30 000 for which an informal tender process must be followed and furthermore the regulation requires that textile, clothing, leather and footwear products must be 100% locally manufactured. It is impractical to advertise the rendering of the service for at least seven days whilst the risk exists that not anyone of the tenders obtained may meet the 100% locally-produced requirement in which case the municipality will not be in the position to allocate the tender. Ajabu Promotions is known to the Municipality and their quotation was acceptable without the prescribed procurement process being followed due to the limited time available until the start of the Sondeza Camp which leaves little room for the prescribed informal tender process to be followed as well as the risk referred to above.	R 32, 905.27
Appointment of Westland Civils for the repair of the main sewerage connection at Dieprivier, Malmesbury. Item 7.8 of minutes of the Executive Mayoral committee held on 04 December 2013	Land in the area of the main sewerage pipeline was washed away by the strong flow of the river during the past winter. An investigation revealed that it was found needless to just backfill the area as flood damage will again occur with the next overflow of the river. Therefore a decision was made to stabilize the area by means of adding gabions (wire baskets filled with stone) during the backfill process. The repairs have been identified as an emergency to prevent further damage to the main sewerage canal and the high risk of pollution. Westland Civils is a local civil contractor and was available to immediately commence with the execution of the repairs.	R 49,010.50

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

49. **7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of Frans Busdiens for the transport of community members to attend the memorial service of former President Nelson Mandela on 11 December 2013 at the Cape Town Stadium. Item 7.18 of minutes of the Executive Mayoral Committee held on 12 March 2014	The Western Cape Government made funds available to municipalities for residents to attend the memorial service of former President Nelson Mandela at the Cape Town Stadium. Due to the urgency to provide the service on such short notices and the fact that only the one bus service was available, it is impractical to follow the prescribe supply chain procedures. Therefore approval was given by the Municipal Manager to appoint Frans Busdienste as the service provider	R 45,600.00
Appointment of Hoffman, Le Roux & Associates for the issue of summonses nationwide. Item 7.17 of minutes of the Executive Mayoral Committee held on 12 March 2014	A settlement agreement was reached with Belstow to continue with the collection of outstanding traffic fines till 31 October 2014. One of the responsibilities of the municipality was to appoint a service provider for the serving of summons. On two occasions during February 2014 tenders were advertised for the provision of such service, but without success. Hoffman, Le Roux & Associates were approach for a quotation to serve summonses country wide for a period of eight months. The possibility exists that the quotation amount may exceed R30 000 under which the informal tender process must be followed and can the acceptance of the quotation of Hoffman, Le Roux & Associates constitute a deviation of the supply chain policy. It is impossible and impractical to follow the prescribed supply chain process as it is difficult to determine the number of summonses that could be served per month or for the entire period of eight months.	R 25.00 per Summons
Appointment of Aqua-loc for provision of hardware and software for water meters. Item 6.12 of minutes of the Executive Mayoral Committee held on 12 February 2014 Item 7.20 of minutes of the Executive Mayoral Committee held on 16 July 2014	In the areas where Eskom provides electricity to households it is difficult to implement effective credit control and therefore a decision was made to use the Aqua-loc Water Demand Management system with electronic flow controller. The tender was allocated to Aqua-loc in October 2013 through the normal tender process, but the additional hardware and software to read the meters and to perform some adjustments according to the needs of the municipality did not form part of the tender. The normal supply chain procedures were not followed as the inscription module to operate the system was developed by Aqua-loc and therefore is the institution's intellectual property. Aqua-loc is thus a sole supplier of the hardware and software to effectively operate the water demand management system. The purchase includes installation and training of users.	R 475, 300.00 for 2013/2014 and R 166, 800.00 for 2014/2015
Appointment of AG Plastics for the purchase of educational board. Item 6.11 of minutes of the Executive Mayoral Committee held on 12 February 2014	The acquisition of educational boards is an initiative by Swartland Municipality to contribute to youth development in the Swartland area which is relevant to the objectives as contained in Section 152 of the Constitution, as well as the mandate granted to municipality under section 4 (2) of the Systems Act. The municipality deviated from the prescribed supply chain procedures by not obtaining other tenders as it was impossible due to the following reasons: (i) the origination of the educational board being vested in Windhoek; (ii) the original design thereof being the property of AG Plastic; and (iii) the specifications of the production material not known to the municipality.	R 307, 800.00

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

49. **7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (continued)**

Incident	Reasons submitted for non-compliance	Amount (excluding VAT)
Appointment of Deloitte Consulting (Pty) Ltd for the task evaluations of the Swartland Municipality. Item 3.1 of minutes of the Executive Mayoral Committee held on 21 May 2014	The municipality deviation from the prescribed procurement procedures by appointing Deloitte Consulting (Pty) Ltd for the evaluation of the post on the Municipality's organogram due to the following reason: i) The service provider is the sole licensee of the TASK job evaluation system. ii) It was considered desirable to implement the task evaluation process as soon as possible to ensure greater employee satisfaction as four years have elapsed since the previous evaluation occurred. During this period changes were made to several positions and new posts added to the organogram. iii) Participation in the task evaluation process on regional level is not for seen as it does not pose any significant benefits for Swartland Municipality.	R 418, 470.00
Appointment of Boubel Building Contractors for the repairs to the storm damage of 41 houses of Rosenhof, Moorreesburg. Item 7.1 of minutes of the Executive Mayoral Committee held on 11 June 2014	Houses damaged during a storm in Rosenhof, Moorreesburg required urgent repairs prior to the coming winter season to prevent further damage to dwelling structures and possible injuries to occupants. A decision was made in respect of competiveness that all contractors already on Swartland Municipality's database will have the opportunity to tender. However, it was found that only BOUBEL BUILDING CONTRACTORS was registered on the municipality's database. The repairs to the houses were considered as an emergency, due to the risks involved and the time consuming process to utilize contractors not yet on the database and therefore a tender was only obtained from BOUBEL BUILDING CONTRACTORS.	R 320, 000.00
Appointment of Muller du Plessis and Steyn Quantity Surveyors for the financial assistance on repair work to 41 storm damage houses at Rosenhof Moorreesburg. Item 7.8 of minutes of the Executive Mayoral Committee held on 16 July 2014	Approval of the financial assistance by the Provincial Department of Human Settlements was only received in April 2014 for the repair of the 41 houses in Rosenhof, Moorreesburg which were damaged during a storm. The repairs had to be performed prior to the coming winter season to prevent any further damage to the structures of the houses and inconvenience to occupants. Therefore the repairs were considered as an emergency and Muller, Du Plessis & Steyn appointed. They are the only local quantity surveyor firm who was available on such short notice to prepare the necessary specifications and perform the contract administration to manage the project.	R 30,000.00
General	Although the SCM processes were followed, three quotations could not be obtained for 638 cases to the value of R 5 619 546.	R 5,619,646.00

	2014 R	2013 R
49. 8 Material losses: Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA		
Material Electricity and Water Losses were as follows and are not recoverable:		
Electricity distribution losses		
Units purchased (kWh)	181,955,246	183,787,433
Units sold (kWh)	171,559,435	173,033,795
Units lost during distribution (kWh)	**10,395,811**	**10,753,638**
Percentage lost during distribution	**5.71**	**5.85**

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2014 R	2013 R

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)

49. 8 Material losses: Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA (continued)

Water distribution losses

Kiloliters purchased	5,446,293	5,507,378
Kiloliters sold	4,785,672	4,557,927
Kilolitres lost during distribution	**660,621**	**949,451**
Percentage lost during distribution	**12.13**	**17.24**

Water Losses occur due to inter alia evaporation , leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

50. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
- Approved and contracted for	**47,731,346**	**10,192,689**
Infrastructure	44,953,508	9,444,750
Other	2,777,838	747,939
- Approved but not yet contracted for	**33,370,463**	**73,284,759**
Infrastructure	14,711,444	55,526,905
Other	18,659,019	17,757,854
Total	**81,101,809**	**83,477,448**

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 7 and 14.

51. FINANCIAL INSTRUMENTS

51. 1 Classification

			Restated
Financial Assets			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
Long-term Receivables			
Loans to Public Organisations	Financial assets at amortised cost	213,875	228,899
Finance Lease Receivables			
Housing Selling Scheme Loans	Financial assets at amortised cost	18,542	168,516
Trade and other receivables from exchange transactions			
Electricity	Financial assets at amortised cost	22,299,810	21,302,388
Water	Financial assets at amortised cost	6,040,329	5,709,487
Sewerage	Financial assets at amortised cost	5,044,584	4,508,683
Refuse Removal	Financial assets at amortised cost	4,174,270	3,776,261
Housing Rentals	Financial assets at amortised cost	68,149	96,904
Other Debtors	Financial assets at amortised cost	1,912,774	2,856,511
Trade and other receivables from non-exchange transactions			
Rates	Financial assets at amortised cost	8,330,857	8,003,497
Insurance claims	Financial assets at amortised cost	36,114	-
Government grants and subsidies	Financial assets at amortised cost	4,478,037	71,235
Sundry debtors	Financial assets at amortised cost	3,046,835	1,858,369

		2014 R	2013 R
51. FINANCIAL INSTRUMENTS (continued)			
51. 1 Classification (continued)			
Financial Assets (continued)			
Current Portion of Long-term Receivables			
Loans to Public Organisations		15,023	13,805
Current Portion of Finance Lease Receivables			
Housing Selling Scheme Loans	Financial assets at amortised cost	5,842	10,552
Bank Balances and Cash			
Short-term Investments	Financial assets at amortised cost	-	-
Bank Balances	Financial assets at amortised cost	222,979,731	210,113,153
Cash Floats and Advances	Financial assets at fair value	15,230	16,030
Total Financial Assets		**278,680,002**	**258,734,290**
Financial liabilities			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	137,477,368	141,211,854
Capitalised Lease Liability		153,449	266,905
Consumer Deposits			
Electricity and Water	Financial liabilities at fair value	7,963,228	6,896,298
Creditors			
Trade payables	Financial liabilities at amortised cost	40,334,166	33,446,631
Retentions	Financial liabilities at amortised cost	2,966,403	596,976
Staff leave	Financial liabilities at amortised cost	7,111,393	6,333,471
Other creditors	Financial liabilities at amortised cost	3,833,847	3,609,555
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	3,652,282	5,118,444
Capitalised Lease Liability	Financial liabilities at amortised cost	113,456	125,650
Total Financial Liabilities		**203,605,592**	**197,605,784**

Comparatives have been restated due to the correction of an error (refer to note 59. (b) ii) and (b)iii)

51. 2 Fair Value of Financial Instruments

Financial instruments at fair value are measured using valuation techniques based on observable inputs, i.e. as prices, or indirectly, i.e. derived from prices. (Level 2 of fair value hierarchy).

51. 3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged since 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 17, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 2, 23 and 24 and the Statementof Changes in Net Assets.

	2014 R	2013 R

51. FINANCIAL INSTRUMENTS (continued)

51. 3 Capital Risk Management (continued)

Gearing Ratio

The gearing ratio at the year-end was as follows:

Debt	**141,396,555**	**146,722,853**
Equity	**1,729,602,606**	**1,705,715,891**
Net debt to equity ratio	**8.18 %**	**8.60 %**

Debt is defined as Long- and Short-term Liabilities as detailed in Note 17.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

51. 4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits, implement controls and monitor adherence.

Due to the large non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality’s audit committee, an independent body that monitors the effectiveness of the internal audit function.

51. 5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

51. 6 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date. The municipality has exposure to the following risks from its operations in Financial Instruments: Market risk, credit risk an dLiquidity risk. Risks and exposures are disclosed as follows:

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality’s income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality’s receivables from customers and investment securities.

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality’s reputation.

51. FINANCIAL INSTRUMENTS (continued)

51. 7 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.9 below). No formal policy exists to hedge volatilities in the interest rate market.

51. 8 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates.

51. 9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 44 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative **financial liabilities**. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 June 2014

INSTRUMENTS	Average effective Interest Rate	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years	Total
		R	R	R	R	R	R
INTEREST-BEARING							
FIXED RATE							
Unsecured Bank Facilities		**9,094,345**	**9,094,345**	**18,188,691**	**54,566,072**	**207,781,021**	**298,724,474**
Development Bank	9.670 %	150,640	150,640	301,280	903,839	1,355,759	2,862,158
Development Bank	9.575 %	2,498,565	2,498,565	4,997,130	14,991,391	47,472,737	72,458,388
Development Bank	10.665 %	4,269,156	4,269,156	8,538,312	25,614,936	106,728,902	149,420,462
Sanlam	10.960 %	2,175,984	2,175,984	4,351,969	13,055,906	52,223,623	73,983,466
VARIABLE RATE							
Unsecured Bank Facilities		**40,382**	**38,993**	**74,760**	**196,131**	**56,027**	**406,293**
Development Bank	8.900 %	40,382	38,993	74,760	196,131	56,027	406,293
Total Interest-bearing		**9,134,727**	**9,133,338**	**18,263,451**	**54,762,203**	**207,837,048**	**299,130,767**
NON-INTEREST-BEARING							
Current liabilities							
Consumer deposits		7,963,228	-	-	-	-	7,963,228
Trade Payables		55,052,100	-	-	-	-	55,052,100
Capitalised Lease Liability		266,905	-	-	-	-	266,905
Total Non-Interest-bearing		**63,282,233**	-	-	-	-	**63,282,233**
TOTAL UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABLITIES		**72,416,960**	**9,133,338**	**18,263,451**	**54,762,203**	**207,837,048**	**362,413,000**

51. FINANCIAL INSTRUMENTS (continued)

51. 9 Liquidity Risk Management (continued)

Liquidity and Interest Risk Tables (continued)

30 June 2013

INSTRUMENTS	Average effective	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years	Total
		R	R	R	R	R	R
INTEREST-BEARING							
FIXED RATE							
Unsecured Bank Facilities		**11,092,609**	**9,094,345**	**18,188,691**	**54,566,072**	**225,969,712**	**318,911,429**
Development Bank	9.670 %	150,640	150,640	301,280	903,839	1,657,039	3,163,438
Development Bank	9.575 %	2,498,565	2,498,565	4,997,130	14,991,391	52,469,867	77,455,518
INCA	11.600 %	1,998,264	-	-	-	-	1,998,264
Development Bank	10.665 %	4,269,156	4,269,156	8,538,312	25,614,936	115,267,214	157,958,774
Sanlam	10.960 %	2,175,984	2,175,984	4,351,969	13,055,906	56,575,592	78,335,435
VARIABLE RATE							
Unsecured Bank Facilities		**40,883**	**39,608**	**76,337**	**204,233**	**115,401**	**476,462**
Development Bank	8.375 %	40,883	39,608	76,337	204,233	115,401	476,462
Total Interest-bearing		**11,133,492**	**9,133,953**	**18,265,028**	**54,770,305**	**226,085,113**	**319,387,891**
NON-INTEREST-BEARING							
Current liabilities							
Consumer deposits		6,896,298	-	-	-	-	6,896,298
Trade Payables		44,804,908	-	-	-	-	44,804,908
Capitalised Lease Liability		392,555	-	-	-	-	392,555
Total Non-Interest-bearing		**52,093,761**	-	-	-	-	**52,093,761**
TOTAL UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABLITIES		**63,227,253**	**9,133,953**	**18,265,028**	**54,770,305**	**226,085,113**	**371,481,652**

The municipality has access to financing facilities, the total unused amount which is R 1,000,000 at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved by means of the increasing in tariffs and the continuous utilisation of unsecured bank loan facilities.

51. 10 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

51. FINANCIAL INSTRUMENTS (continued)	2014 R	2013 R

51. 10 Credit Risk Management (continued)

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The maximum credit risk exposure in respect of the relevant financial instruments is as follows:		**Restated**
Long-term Receivables	228,898	242,704
Receivables from Exchange Transactions	44,115,570	41,882,785
Receivables from Non-Exchange Transactions	34,425,111	11,383,102
Finance lease receivables	24,384	179,068
Bank Guarantees	170,900	170,900
Bank and Cash Balances	222,994,961	210,129,183
Maximum Credit and Interest Risk Exposure	**301,959,824**	**263,987,742**

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to historical information about counterparty default rates:

Trade and other receivables from exchange transactions		**Restated**
Group 1	27,846,772	27,863,986
Group 2	277,711	214,857
Group 3	565,725	373,549
Total: Trade and other receivables from exchange transactions	**28,690,208**	**28,452,392**
Long- Term Receivables		
Group 1	228,898	242,704
Group 2	-	-
Group 3	-	-
Total: Long- Term Receivables	**228,898**	**242,704**
Finance lease receivables		
Group 1	24,384	179,068
Group 2	-	-
Group 3	-	-
Total finance lease receivables	**24,384**	**179,068**
Trade and other receivables from non- exchange transactions		**Restated**
Group 1	12,461,801	6,686,138
Group 2	47,848	33,288
Group 3	72,305	47,025
Total: Trade and other receivables from non- exchange transactions	**12,581,954**	**6,766,451**
Bank balances		
ABSA Bank limited	**222,994,961**	**210,129,183**

Group 1 - High certainty of timely payment. Risk of non- payment is considered to be low as these receivables maintained a payment rate of more than 70 %.

Group 2 - Reasonable certainty of timely payment. The risk of non- payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year.

Group 3 - The risk factors of non- payment are larger as these receivables had a payment rate of below 50 % during the year.

52. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is a defined benefit plan, whereas the Cape Joint Retirement Fund, The Provident Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.

- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

- The same rate of contributions applies to all participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9.00 %, by the members and 18.00 % by Council, except in the case of one official for which council contributes 23.06 %. The last valuation performed for the year ended 30 June 2013 (30 June 2012) revealed that the fund had an actuarial deficit of R 10 030 million (2012: R 18 287 million) with a funding level of 99.70 % (2012: 99.40 %), a solvency reserve with a closing balance of R 0,00 (2012: R 0,00), and is in a sound financial state as at 30 June 2013. The next actuarial valuation will be performed as at 30 June 2014

The actuarial valuation report at 30 June 2013 indicated that the defined contribution scheme of the fund is in a sound financial position, with a funding level of 99.80 % (2012: 105.30 %).

CAPE RETIREMENT FUND

The contribution rate paid by the members (9,00 % by employees, 7.50 % by section 57 employees and 12.00% by councillors) and by Council (18,00 % for employees, 19.50 % for section 57 employees and 15.00 % for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2013 (30 June 2012) revealed that the fund had an actuarial surplus of R 27 872 million (R 40 412 million) with a funding level of 105.10 % (108.00 %). Certified to be in a sound financial position as at 30 June 2013.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 7.50 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2008 (30 June 2005) certified that the fund is in a sound financial state. The funding level was 100 % at valuating date (2005: 100.00 %).

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9.00 % and 7.50% by section 57 employees and that of council 18.00 % and 19.50 % respectively.

The latest statutary valuation was done on 30 June 2013 (30 June 2012). As at 30 June 2013 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

None of the above mentioned plans are state plans.

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53. RELATED PARTY TRANSACTIONS

During the year the municipality rendered services to the following parties that are related to the municipality as indicated:

53. 1 Services rendered to related parties

	Rates	Service Charges	Other	Outstanding Balances
30 June 2014				
Councillors	48,225	251,663	-	25,649
Municipal Manager and Section 57 Personnel	39,234	154,305	406	15,758
Total	**87,459**	**405,968**	**406**	**41,407**
30 June 2013				
Councillors	39,234	154,305	406	15,758
Municipal Manager and Section 57 Personnel	44,979	231,378	163	23,858
Total	**84,213**	**385,683**	**569**	**39,616**

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

No councillor was in arrears for more than 90 days

53. 2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

53. 3 Compensation of key management personnel

The compensation of key management personnel is set out in note 34.

53. 4 Other related party transactions

The Municipality entered into business transactions during the financial year under review with the service provider mentioned below. The said providers are considered to be related parties as they are in some way or other connected to the Municipality, either as councillor or family tie to employees of the Municipality. These transactions were duly concluded in compliance with the provisions of the Supply Chain Management Policy of the Municipality.

Service Provider	Value of Transaction R	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
Adenco Construction	711,663	Adelé Kassner	Western Cape Education	Teacher	Child
		Busisiwe Skosana	Department of Health - Gauteng	Nursing Sister	Parent
		Helen Victoria Machimana	Department of Welfare - Limpopo	Social Worker	Parent
Aurecon SA	3,944,696	HG Esterhuizen	West Coast District Municipality	Senior Manager - Roads	Parent
		B Alhelt	Denel Dynamics	Businees Development; Executive Manager	Parent
		C.J.Barry	City of Cape Town	Transport Department	Parent
		M.C.Dunga	South African Navy	Engineer in Training	Spouse

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53. RELATED PARTY TRANSACTIONS (continued)

53. 4 Other related party transactions (continued)

Service Provider	Value of Transaction R	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
		J.J.J.Daniels	West Coast District Municipality	Deputy Mayor	Parent
		J.Blackmore	Department of Public Works	Project Manager	Parent
		N Geldenhuys	Transnet Port Terminals	Mechatronic Engineer	Child
		Dr Y.Goga	Nkosi Albert Luthuli Hospital	Senior Specialist - Paediatric Haematology	Sister
		J Jacobs	Department of Education - Eastern Cape	Personal Assistant to Chief Director	Spouse
		S.M.Grobbelaar	Northern Cape Department of Cooperative Governance	Human Settlements and Traditional Affairs	Parent
		N.Grobbelaar	Central University of Technology	Department Civil Engineer	Spouse
		BJ Kriegler	BJ Kriegler	Councillor	Parent
		PC Vermeulen	City of Cape Town	Building Maintenance	Parent
		M Marques	Department of Home Affairs	Deputy Director	Spouse
		ZC Venter	Department of Health - Eastern Cape	Deputy Director - Employment Relations	Spouse
		A Heyns	Stellenbosch Municipality	Assistant Superintendent - Workshop Engineering	Parent
		CJG Bender	University of Johannesburg	Professor	Spouse
		JM Robertson	Ekurhuleni Metropolitan Municipality	Roads Engineer	Parent
		J Scheepers	Council of Medical Schemes	Chief Financial Analyst	Spouse
		K Nadasen	National Department of Public Works	Dorector: Key Account	-
		R Meyer	Telkom SA	Project Manager	Parent
		SM O'Connell	Sol Plaatje Municipality	Librarian	Spouse
		CMM Barnard	Department of Education - Gauteng	Deputy Principal	Spouse
		T Govender	Umgeni Water	Fleet Maintenance Administrator - Asset Management	Child
		WZ Erasmus	Cape Nature	Program Manager	Spouse
		HC Ahlschlager	Special Investigating Unit	Legal Representative	Spouse
		C.P.Herbst	Dr Ruth S Mompati District Municipality	Councillor	Parent
		J.H.Higgs	SARS	Regional Manager	Spouse
		A.Hougaard	Department of Correctional Services	Principle Network Controller	Spouse
		T.Kholoanyane	Naledi Local Municipality	Tourism Manager	Spouse
		Z.E.Khosa	Ekurhuleni Metropolitan Municipality	Technician	Brother

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53. RELATED PARTY TRANSACTIONS (continued)

53. 4 Other related party transactions (continued)

Service Provider	Value of Transaction R	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
		B.Kleynhans	Hessequa Municipality	Accountant	Parent
		R.G.Madikizela	Auditor General South Africa	Assistant Manager	Brother
		RT Mohlale	Eastern Cape Arts and Culture Council	Chief Executive Officer	Parent
		A.J.Moore	Department of Water Affairs	Chief Engineer	Parent
		R.Nair	eThekwini Municipality	Building Inspector	Parent
		J.F.Phillips	Northern Cape Department of Economic Development and Tourism	Manager - Township Revitalisation	Spouse
		L.Pillay	Kwazulu Natal Department of Transport	Deputy Director - Mechanical Maintenance Division	Parent
		P.S.Pretorius	Sol Plaatje Municipality	Chief Officer - Community Services	Parent
		JH Riekert	SA Reserve Bank	Engineering	Spouse
		G Saaiman	Auditor General Kimberley	Junior Manager	Son
		J.J.Saaiman	Armscor	Quality Manager	Parent
		E.M.Schon	Northern Cape Department of Cooperative Governance	Human Settlements and Traditional Affairs; Assistant Manager	Spouse
		S.Seegers	City of Cape Town	Head of Security Architecture	Sister
		Dr M.Skead	Nelson Mandela Bay Metropolitan University	Senior Manager	Wife
		R.Tebane	Ekurhuleni Metropolitan Municipality	Executive Manager	Parent
		K.Thamaga	South African Defence Force	State Accountant	Brother
		J.Theron	Nelson Mandela Metropolitan University Business School	Head: Graduate School Relations	Spouse
		F.Tlalang	North West Department of Education	Quality Assurance	Sister
		G.J.Tong	North West Department of Finance	Deputy Director	Parent
		N.Towers	Department of Mineral Resources	Inspectorate of Mines - Health and Safety; Western Cape Region	Parent
		J.Tredoux	Department of Water Affairs	Deputy Director - Accounts Payable	Spouse
		A.Treurnich	Umjindi Municipality; Community Services	Assistant Director	Parent
		M.Van Rensburg	Eskom	Executive at Transmission Department	Father in law

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
53. RELATED PARTY TRANSACTIONS (continued)	**R**	**R**

53. 4 Other related party transactions (continued)

Service Provider	Value of Transaction R	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Relation to Service Provider
		J.Wilkins	Correctional Services	Vice Director - Provincial	Parent
		N.S.Wolmarans	IDC	Senior Accounts Manager	Spouse
		S.W.Zulu	Kwazulu Natal Department of Health	Human Resource Manager	Parent
		B Groeneweld	Tswaing Municipality	Councillor	Parent
		T Botha	Oudtshoorn Municipality	Technical Manager	Parent
Bubble Household Chemicals	102,962	Candice Maree	Bubbles	City of Cape Town	Father
Euraf Agencies	94,028	R. Fourie	Department of Health	Assistant Director	Spouse
Future Perfect Corporation	35,625	Pam Naidoo	City of Cape Town	Events Manager	Spouse
Golden Rewards / Futasia Caterers	65,415	Raynard de Jager	Western Cape Education Department	Teacher	Spouse
iKapa Distribution Network	92,243	Sophia Davids	Western Cape Education Department	Teacher	Spouse
Ithuba Industries	167,974	W.A. de Morney	Western Cape Education Department	Teacher	Spouse
JC Refrigeration Cape cc	55,046	H Esterhuizen	SAPS Athlone	Detective	Spouse
K SMIT T/A BLACKBIRD TRADING	75,630	Marlene Smit	Swartland Municipality	Database Administrator	Spouse
Liplekker Take A Ways	20,130	E.W. Pedro	Department of Health	Chief: Ambulance Services	Spouse
Lumber & Lawn	20,558	Jorina van Zyl	Western Cape Education Department	Teacher	Spouse
Mubesko Africa	263,379	J Niehaus	Department of Health - Northern Cape	Dietician	Spouse
Powerrec (Pty) ltd	43,129	Adelé Kassner	Western Cape Education Department	Teacher	Child
		Busisiwe Skosana	Department of Health - Gauteng	Nursing Sister	Parent
Roja Construction B45656	66,577	Julrich Liedeman	Swartland Municipality	Municipal Property Maintenance	Child
Rosie Davids	8,346	Jonathan Davids	Department Correctional Services	HR Supervisor	Spouse
Silver Storm Tech (Pty) Ltd.	1,600	Francois Malan	Silver Storm Tech	Swartland municipality	Son
Siphakame Skills	111,078	N. Vacu	Drakenstein Municipality	General Worker	Spouse
Terblanche Slabber en Pieters Prokureurs	329,078	MadelaineTerblanche	Terblanche Slabber en Pieters Prokureurs	Director -Corporate sevices (Swartland municipality	Husband
WJ Cotter Elektries	272,180	T. van Essen	Swartland Municipality	Mayor	Father-in-Law
WJ De Bruyn Builders	72,815	Angrlo de Bruyn	City of Cape Town	Civil Engineer	Child

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
54. CONTINGENT LIABILITY		
Guarantees in favour of Eskom	70,900	70,900
Guarantees in favour of South African Post Office Limited	100,000	100,000
	170,900	**170,900**

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees are covered to a large extent by cash deposits recovered from the individual consumers of electricity within the municipal area.

A bank guarantee has been obtained from ABSA Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

The applicant, mr Raymond Louis van Deventer has lodged a claim in the Labour Court for compensation to be paid by Swartland Municipality, based on alleged (1) unfair labour practice as a result of him not being appointed to the position of Regional Inspector: Law Enforcement, and (2) unfair discrimination because he was not shortlisted for the position of Chief Traffic and Law Enforcement Services. An answering affidavit, opposing both the claim and the applicant's application for condonation for the late filing of his statement of claim was filed with the Labour Court on 25 March 2014. Pending the outcome of the case, the amount (if any) to be paid for compensation cannot be determined with sufficient reliability.

The plaintiff, ms Samantha Demoreen Daniels instituted a claim in the High Court on behalf of her minor child for payment by Swartland Municipality of an amount of R5 000 000 (five million rand) plus interest thereon for loss of maintenance and support as a result of the death of mr Sederic Owies, a former municipal employee during a shooting incident on 23 April 2013 whilst on duty. The claim against the Municipality is based on vicarious liability. Pending the outcome of the case, the amount (if any) to be paid for compensation cannot be determined with sufficient reliability.

The plaintiff, ms Leah Elizabeth Kay instituted a claim in the High Court for payment by Swartland Municipality of an amount of R3 000 000 (three million rand) plus interest thereon for loss of maintenance and support as a result of the death of her son, mr Sederic Owies, a former municipal employee during a shooting incident on 23 April 2013 whilst on duty. The claim against the Municipality is based on vicarious liability. Pending the outcome of the case, the amount (if any) to be paid for compensation cannot be determined with sufficient reliability.

55. CONTINGENT ASSET

The Swartland Municipality instituted a claim of approximately R950 000 against its previously appointed valuer (Buyline 109 (Pty) Ltd t/a M3 en Medewerkers) due to inadequate performance. This implies that a contingent asset exists, but the amount has not been raised in the financial statements as the existence of this asset (debtor) will only be confirmed pending the outcome of the case, and the amount cannot be measured with sufficient reliability.

56. IN-KIND DONATION AND ASSISTANCE

The Municipality did not receive any in-kind donation and assistance during the year under review.

57. PRIVATE PUBLIC PARTNERSHIPS

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

58. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY

(a)

During the period there was a change in the accounting policy regarding the Capital Replacement Reserve - this reserve will not be presented as a ring-fenced reserve within the accumulated surplus, but as a separate reserve in the Statement of Changes in Net Assets and the Statement of Financial Position. The effects thereof are as follows:

	Total of change 2013
Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**110,382,460**
Decrease/(increase) in Capital Replacement Reserve 30 June 2012 (opening balance 2012/13)	**(110,382,460)**
Decrease/(increase) in Accumulated surplus	**90,450,073**
Decrease/(increase) in Capital Replacement Reserve	**(90,450,073)**

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

(b) i) **Correction of error** - ***Previous period transactions***

A number of errors in prior period transactions were discovered and corrected in the current financial period. These errors include incorrect property rate charges, faulty meter readings and levies in respect of service charges. These corrections have been applied retrospectively and the effects thereof are as follows:

	Total of correction 2013
Decrease / (increase) in Revenue from Non-exchange transactions	**85,181**
Property rates	85,181
Decrease / (increase) in Revenue from Exchange transactions	**(110,456)**
Service charges	
Electricity	(21,664)
Water	116,640
Sewerage	1,521
Refuse	28,174
Departmental Recoveries	3,443
Interest earned - outstanding debtors	
Rates	5,663
Electricity	162
Water	2,510
Sewerage	112
Refuse	1,531
Other Debtors	4,392
Rent of facilities and equipment	
Buildings	263
Halls	(1,053)
Other Facilities	15,766
Other income	
Blocked Sewerage	357
Discount: Fuel	(11,916)
Industrial Sewerage	(227,488)
Special Bulk Wasting	(28,972)
Rates Lessees	103
Increase/(decrease) in Repairs and maintenance	**747**
Increase/(decrease) in General expenses	**1,907**
Legal fees	1,907
Increase/(Decrease) in deficit for the year ended 30 June 2013	**(22,621)**
Increase/(decrease) in Receivables From Exchange transactions	**113,465**
Service debtors	
Electricity	21,502
Water	(119,150)
Sewerage	(1,633)
Refuse removal	(33,148)
Other	245,894
Increase/(decrease) in Receivables From Non-Exchange transactions	**(90,844)**
Property rates	(90,844)

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

(b) ii) **Correction of error -** ***Building deposits***

During the current financial period certain long outstanding Building deposits, which were previously allocated to Other income, were claimed by the creditors. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2013
Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**6,512**
Decrease/(increase) in Payables from Exchange transactions 30 June 2012 (opening balance 2012/13)	**(6,512)**
(Increase)/decrease in Payables from Exchange transactions	**(6,512)**
Other payables	(6,512)

(b) iii) **Correction of error -** ***Accruals not raised***

During the current financial year, payments were made and received which related to prior periods, but for which payables and receivables were not raised as at the end of those prior periods. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2013
Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**(108,474)**
Increase/(decrease) in Receivables from Non-Exchange transactions 30 June 2012 (opening balance 2012/13)	**4,883**
Increase/(decrease) in Receivables from Exchange transactions 30 June 2012 (opening balance 2012/13)	**106,056**
(Increase)/decrease in Payables from Exchange transactions 30 June 2012 (opening balance 2012/13)	**(2,465)**
Decrease/(increase) in Revenue from Exchange transactions	**1,643**
Rental of facilities and equipment	1,188
Other revenue	455
Increase/(decrease) in Repairs and Maintenance	**27,437**
Increase/(decrease) in General expenses	**716,058**
Legal fees	(281,027)
Membership fees - Council	297,085
Traffic fines	700,000
Increase/(Decrease) in deficit for the year ended 30 June 2013	**745,138**
(Increase)/decrease in Payables from Exchange transactions	**(1,026,987)**
Trade payables	(1,024,522)
Other payables	(2,465)
Increase/(decrease) in Trade Receivables from Non-Exchange transactions	**4,883**
Sundry debtors	4,883
Increase/(decrease) in Trade Receivables from Exchange transactions	**385,440**
Other	385,440

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

(b) iv) **Correction of error -** ***Asset impairment***

During the current financial period, it was discovered that the impairment loss for assets was incorrectly reported in the Statement of Financial Performance, i.e. not in accordance with the asset register total. In addition, certain incorrect balances previously existed in the accumulated impairment account, which was only corrected in the current financial period. This error has been corrected retrospectively and the effects thereof are as follows:

	Total of correction 2013
Increase/(decrease) in Asset impairment (expenditure)	(56,057)
Increase/(Decrease) in deficit for the year ended 30 June 2013	**(56,057)**
Increase/(decrease) in Property, plant and equipment	(6,318)
Cost	-
Accumulated impairment	(6,318)
Increase/(decrease) in Receivables from Non-Exchange transactions	**62,375**
Sundry debtors	62,375

(b) v) **Correction of error -** ***Equitable share***

In 2012/2013 a portion of the equitable share granted to indigent households remained unused and appeared as credits on consumer debtor accounts - these transactions and consumer accounts were adjusted retrospectively to correctly reflect amounts in the comparative year. The effects thereof are as follows:

	Total of correction 2012
Decrease / (increase) in Revenue from Non-exchange transactions	**(75)**
Property rates	(75)
Decrease / (increase) in Revenue from Exchange transactions	**(236)**
Service charges	
Sewerage	(236)
Increase/(Decrease) in deficit for the year ended 30 June 2013	**(311)**
Increase/(decrease) in Trade Receivables From Exchange transactions	**236**
Service debtors	
Sewerage	236
Increase/(decrease) in Trade Receivables From Non-Exchange transactions	**75**
Property rates	75

(b) vi) **Correction of error -** ***Disposed assets***

During the current financial period, it was discovered that the certain assets, which were disposed of during previous financial periods, were not de-recognised in the financial system or the asset register. This error has been corrected retrospectively and the effects thereof are as follows:

Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**93,373**
Increase/(decrease) in Property, plant and equipment 30 June 2012 (opening balance 2012/13)	**(93,373)**
Cost	(332,057)
Accumulated depreciation	238,684
Increase/(decrease) in Depreciation and amortisation (expenditure)	**(18,594)**
Increase/(Decrease) in deficit for the year ended 30 June 2013	(18,594)
Increase/(decrease) in Property, plant and equipment	**(74,779)**
Cost	(332,057)
Accumulated depreciation	257,278

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

(b) vii) **Correction of error -** ***Capital contributions***

During previous periods, certain amounts were erroneously accounted for as unspent grants, while they are contributions made towards construction of infrastructure assets, to be recognised as capital contributions income. This error has been corrected retrospectively and the effects thereof are as follows:

Decrease/(increase) in Capital Replacement reserve 30 June 2012 (opening balance 2012/13)	**(72,717)**
Decrease/(increase) in Unspent conditional grants 30 June 2012 (opening balance 2012/13)	**72,717**
Decrease/(increase) in Revenue from Exchange transactions	**(180,000)**
Other revenue	(180,000)
Increase/(Decrease) in deficit for the year ended 30 June 2013	(180,000)
Decrease/(increase) in Unspent conditional grants	**252,717**
Decrease/(increase) in Capital Replacement reserve	**(252,717)**

(b) viii) **Correction of error -** ***VAT claimed***

During the current financial period, it was discovered that VAT was erroneously claimed on non-qualifying expenses during a previous financial period. This error has been corrected retrospectively and the effects thereof are as follows:

Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**11,868**
Increase/(decrease) in VAT receivable 30 June 2012 (opening balance 2012/13)	**(11,868)**
Decrease/(increase) in Accumulated surplus	**11,868**
Increase/(decrease) in VAT receivable	**(11,868)**

As a result of the above errors and change in accounting policy, the prior period surplus for the year and balances are restated as follows:

(c) i) Adjustment of **revenue and surplus for the year**

	Previously reported	**Amount of adjustment**	**Restated**
REVENUE			
Revenue from Non-exchange Transactions	**141,650,320**	**(85,106)**	**139,258,581**
Taxation Revenue	**67,359,221**	**(85,106)**	**67,274,115**
Property rates	67,359,221	(85,106)	67,274,115
Transfer Revenue	**65,668,164**	**-**	**65,668,164**
Government grants and subsidies: Operating	13,730,715	-	13,730,715
Government grants and subsidies: Capital	24,470,574	-	24,470,574
Unconditional Government grants	26,752,000	-	26,752,000
Public Contributions and Donations	150,000	-	150,000
Other Contributions	484,000	-	484,000
Donated Property, Plant and Equipment	80,875	-	80,875

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

(c) i) Adjustment of revenue and surplus for the year (continued)

Other Revenue	**6,316,302**	**-**	**6,316,302**
Fines	2,947,831	-	2,947,831
Licences and permits	3,225,095	-	3,225,095
Other	143,376	-	143,376
Revenue from Exchange Transactions	**267,955,383**	**289,049**	**270,551,065**
Operating Activities	**267,955,383**	**289,049**	**268,244,432**
Service charges	237,557,558	(127,878)	237,429,680
Rental of facilities and equipment	2,901,632	(16,164)	2,885,468
Interest earned - external investments	9,917,496	-	9,917,496
Interest earned - outstanding debtors	1,455,488	(14,370)	1,441,118
Income for agency services	2,495,733	-	2,495,733
Gains on disposal of property, plant and equipment	-	-	-
Other revenue	13,627,476	447,461	14,074,937
Sale of Land Inventories	**2,306,633**	**-**	**2,306,633**
Revenue on sale of land	*2,471,660*	-	*2,471,660*
Cost of land sold	*165,027*	-	*165,027*
Total Revenue	**409,605,703**	**203,943**	**409,809,646**
EXPENDITURE			
Employee related costs	125,450,243	-	125,450,243
Remuneration of Councillors	6,703,224	-	6,703,224
Impairment loss - Debtors	1,259,585	-	1,259,585
Depreciation and Amortisation	72,778,016	(18,594)	72,759,422
Impairment loss - Assets	2,215,455	(56,057)	2,159,398
Repairs and maintenance	15,667,400	28,184	15,695,584
Interest paid	8,485,935	-	8,485,935
Bulk purchases	137,412,595	-	137,412,595
Contracted services	3,095,766	-	3,095,766
Grants and subsidies paid	1,292,677	-	1,292,677
General expenses	36,452,239	717,965	37,170,204
Loss on disposal of property, plant and equipment	491,941	-	491,941
Total Expenditure	**411,305,076**	**671,498**	**411,976,574**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(1,699,373)**	**(467,555)**	**(2,166,928)**
SURPLUS/(DEFICIT) FOR THE YEAR	**(1,699,373)**	**(467,555)**	**(2,166,928)**

(c) (ii) Adjustment of **opening balances**

NET ASSETS			
Accumulated Surplus 1 July 2012	**1,797,974,779**	**(110,385,739)**	**1,687,589,040**
Change in accounting policy - Capital Replacement Reserve		(110,382,460)	
Correction of error - Building deposits		(6,512)	
Correction of error - Accruals not raised		108,474	
Correction of error - PPE disposals not de-recognised		(93,373)	
Correction of error - VAT claimed		(11,868)	
Capital Replacement Reserve 1 July 2012	**-**	**110,455,177**	**110,455,177**

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)

ASSETS AND LIABILITIES

Property, plant and equipment 1 July 2012	**1,737,974,293**	**(93,373)**	**1,737,880,920**
Receivables from Exchange transactions 1 July 2012	**33,366,056**	**106,056**	**33,472,112**
Receivables from Non-Exchange transactions 1 July 2012	**12,182,068**	**4,883**	**12,186,951**
VAT Receivable 1 July 2012	**823,089**	**(11,868)**	**811,221**
Payables from Exchange transactions 1 July 2012	**42,091,109**	**8,977**	**42,100,086**
Unspent Conditional grants and receipts 1 July 2012	**4,664,517**	**(72,717)**	**4,591,800**
Total effect of adjustments to opening balances 1 July 2012		**-**	
(c) (iii) Adjustment against surplus for the year ended 30 June 2013	**(1,699,373)**	**(467,555)**	**(2,166,928)**
(c) (iv) Adjustment against St. of Ch. in Net Assets year ended 30 June 2013	**-**	**19,752,387**	**19,752,387**
Total effect of adjustments against accumulated surplus as at 30 June 2013 (ii), (iii) and	**1,796,335,216**	**(91,100,907)**	**1,705,234,309**
(c) (v) Capital Replacement Reserve 30 June 2013	**-**	**90,702,790**	**90,702,790**
(c) (vi) Adjustment of balances - assets and liabilities - as at 30 June 2013			
Increase/(decrease) in Property, plant and equipment	**1,749,293,852**	**(81,097)**	**1,749,212,755**
Increase/(decrease) in Receivables From Exchange Transactions	**37,751,093**	**499,141**	**38,250,234**
Service debtors			
Electricity	21,280,886	21,502	21,302,388
Water	5,828,637	(119,150)	5,709,487
Sewerage	4,510,080	(1,397)	4,508,683
Refuse removal	3,809,409	(33,148)	3,776,261
Housing rentals / instalments	96,904	-	96,904
Other	2,225,177	631,334	2,856,511
Increase/(decrease) in Receivables From Non-Exchange Transactions	**10,166,761**	**(23,511)**	**10,143,250**
Property Rates		(90,769)	
Sundry debtors		67,258	
VAT Receivable	**38,401**	**(11,868)**	**26,533**
Increase/(decrease) in Payables from Exchange transactions	**43,771,409**	**1,033,499**	**44,804,908**
Trade payables		1,026,987	
Other payables		6,512	
Increase/(decrease) in Unspent Conditional grants and receipts	**2,682,327**	**(252,717)**	**2,429,610**

RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS:

ASSETS

Current assets	**265,165,212**	**463,762**	**265,628,974**
Inventory	7,034,717	-	7,034,717
Receivables from Exchange Transactions	37,751,093	499,141	38,250,234
Receivables from Non-Exchange Transactions	10,166,761	(23,511)	10,143,250
Cash and Cash Equivalents	210,129,183	-	210,129,183
Operating Lease Assets	20,700	-	20,700
VAT	38,401	(11,868)	26,533
Current Portion of Finance Lease Receivables	10,552	-	10,552
Current Portion of Long-term Receivables	13,805	-	13,805

SWARTLAND MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

59. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued) (continued)

RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS: (continued)

Non-current assets	**1,782,279,672**	**(81,097)**	**1,782,198,575**
Property, plant and equipment	1,749,293,852	(81,097)	1,749,212,755
Intangible Assets	458,432	-	458,432
Investment property	31,362,707	-	31,362,707
Heritage Assets	767,266	-	767,266
Finance lease receivables	168,516	-	168,516
Long- term receivables	228,899	-	228,899
Total Assets	**2,047,444,884**	**382,665**	**2,047,827,549**
LIABILITIES			
Current liabilities	**64,388,137**	**780,782**	**65,168,919**
Consumer deposits	6,896,298	-	6,896,298
Provisions	5,731,369	-	5,731,369
Payables from Exchange transactions	43,771,409	1,033,499	44,804,908
Unspent conditional grants and receipts	2,682,327	(252,717)	2,429,610
Operating lease liability	62,640	-	62,640
Current portion of long-term liabilities	5,244,094	-	5,244,094
Non-current liabilities	**186,299,759**	**-**	**186,299,759**
Long-term liabilities	141,478,759	-	141,478,759
Provision for post- retirement medical aid benefits	37,663,000	-	37,663,000
Other non-current provisions	7,158,000	-	7,158,000
Total Liabilities	**250,687,896**	**780,782**	**251,468,678**
NET ASSETS			
Total Net Assets	**1,796,756,988**	**(398,117)**	**1,796,358,871**
Housing Development Fund	421,772	-	421,772
Capital Replacement Reserve	-	90,702,790	90,702,790
Accumulated Surplus	1,796,335,216	(91,100,907)	1,705,234,309
Total Net Assets and Liabilities	**2,047,444,884**	**382,665**	**2,047,827,549**

APPENDIX A

SWARTLAND MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2013	Received/ Transferred during the period	Interest capitalised during the period	Redeemed written off during the period	Balance 30/06/2014
LONG- TERM LOANS							
Development Bank		30/06/2020	367,493	-	-	52,499	314,994
Development Bank		29/12/2028	39,927,145	-	-	1,202,293	38,724,852
Development Bank		29/12/2023	1,959,120	-	-	114,530	1,844,590
Development Bank		31/12/2031	68,314,936	-	-	1,286,320	67,028,616
INCA		31/12/2013	1,887,868	-	-	1,887,868	-
Sanlam		30/06/2031	33,873,736	-	-	657,138	33,216,598
Total Long- Term Loans			**146,330,298**	**-**	**-**	**5,200,648**	**141,129,650**
LEASES							
Sunlyne Rentals			48,506	-	-	24,235	24,271
CTC Finance			4,984	-	-	4,984	-
Minoltafin			12,790	-	-	12,790	-
Sasfin			326,275	-	-	83,641	242,634
Total leases			**392,555**	**-**	**-**	**125,650**	**266,905**
TOTAL EXTERNAL LOANS			**146,722,853**	**-**	**-**	**5,326,298**	**141,396,555**

APPENDIX B

SWARTLAND MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2014

	Cost/Revaluation						Accumulated Depreciation						
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	Carrying Value
Land and Buildings													
Land	61,278,342	(493,157)	4,731,032	-	-	65,516,217	21,080	-	1,630	-	1,630	21,080	65,495,137
Buildings	310,354,520	(4,579,593)	180,487	-	-	305,955,414	205,174,230	442,211	6,682,044	-	-	212,298,485	93,656,929
	371,632,862	**(5,072,750)**	**4,911,519**	**-**	**-**	**371,471,631**	**205,195,310**	**442,211**	**6,683,674**	**-**	**1,630**	**212,319,565**	**159,152,066**
Infrastructure													
Roads	1,056,150,339	2,877,900	18,803,426	-	-	1,077,831,665	482,848,605	-	24,949,483	-	-	507,798,088	570,033,577
Sewerage Mains and Purification	613,675,078	1,271,785	7,614,811	29,324,178	25,493,269	626,392,583	259,336,770	-	8,755,152	-	17,176,570	250,915,352	375,477,231
Electricity Mains	522,906,844	32,097	10,283,230	-	1,506,296	531,715,875	215,165,647	25,071	11,124,293	-	1,328,520	224,986,491	306,729,384
Water Mains and Purification	57,253,645	(1,970,274)	1,004,476	-	-	56,287,847	35,169,083	6,883	1,293,911	-	-	36,469,877	19,817,970
Reservoirs - Water	85,446,609	-	2,215,588	-	-	87,662,197	48,543,189	-	1,211,390	-	-	49,754,579	37,907,618
Water Meters	137,800	-	-	-	-	137,800	-	-	9,180	-	-	9,180	128,620
Water Mains	491,889,446	3,259,300	3,655,237	-	-	498,803,983	267,444,410	-	6,771,458	-	-	274,215,868	224,588,115
Landfill Sites	5,759,864	-	2,934,660	-	-	8,694,524	3,761,176	-	156,932	-	-	3,918,108	4,776,416
Cleaning	1,321,440	-	29,900	-	-	1,351,340	621,924	-	60,157	-	-	682,081	669,259
	2,834,541,065	**5,470,808**	**46,541,328**	**29,324,178**	**26,999,565**	**2,888,877,814**	**1,312,890,804**	**31,954**	**54,331,956**	**-**	**18,505,090**	**1,348,749,624**	**1,540,128,190**
Community Assets													
Parks and Gardens	3,098,930	-	991,673	-	-	4,090,603	2,020,253	-	75,278	-	-	2,095,531	1,995,072
Recreation Grounds	33,732,606	-	1,020,823	50,096	-	34,803,525	22,229,981	-	887,261	-	-	23,117,242	11,686,283
Cemeteries	4,877,207	-	-	-	-	4,877,207	3,224,627	-	133,250	-	-	3,357,877	1,519,330
	41,708,743	**-**	**2,012,496**	**50,096**	**-**	**43,771,335**	**27,474,861**	**-**	**1,095,789**	**-**	**-**	**28,570,650**	**15,200,685**
Housing Rental Stock													
Housing Rental 2	823,002	(823,002)	-	-	-	-	441,611	(441,611)	-	-	-	-	-
	823,002	**(823,002)**	**-**	**-**	**-**	**-**	**441,611**	**(441,611)**	**-**	**-**	**-**	**-**	**-**
Total carried forward	**3,248,705,672**	**(424,944)**	**53,465,343**	**29,374,274**	**26,999,565**	**3,304,120,780**	**1,546,002,586**	**32,554**	**62,111,419**	**-**	**18,506,720**	**1,589,639,839**	**1,714,480,941**

APPENDIX B

SWARTLAND MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2014(continued)

	Cost/Revaluation						Accumulated Depreciation						
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	Carrying Value
Total brought forward	**3,248,705,672**	**(424,944)**	**53,465,343**	**29,374,274**	**26,999,565**	**3,304,120,780**	**1,546,002,586**	**32,554**	**62,111,419**	**-**	**18,506,720**	**1,589,639,839**	**1,714,480,941**
Movable Assets													
Office Equipment	3,397,770	(23,804)	329,356	-	125,745	3,577,577	1,884,379	(21,439)	401,028	2,692	101,009	2,165,651	1,411,926
Equipment	16,149,252	(172,695)	1,143,522	-	419,410	16,700,669	6,378,971	(124,390)	1,563,468	1,289	303,668	7,515,670	9,184,999
Furniture	1,449,937	-	182,809	-	30,075	1,602,671	871,761	-	166,957	572	22,914	1,016,376	586,295
Fittings	374,871	-	-	-	-	374,871	263,882	-	36,155	-	-	300,037	74,834
Bins and Containers	226,230	-	-	-	-	226,230	20,636	-	13,357	-	-	33,993	192,237
Security Equipment	620,586	-	148,769	-	953	768,402	220,567	-	97,618	-	401	317,784	450,618
Emergency Equipment	31,634	-	4,430	-	-	36,064	15,968	-	4,450	-	-	20,418	15,646
Motor Vehicles	27,328,757	(1,047,257)	3,149,620	-	247,001	29,184,119	7,517,978	(263,667)	1,825,234	188,107	148,211	9,119,441	20,064,678
Specialized Vehicles	13,637,202	1,047,257	-	-	183,673	14,500,786	2,875,426	263,667	797,582		110,204	3,826,471	10,674,315
Computer Equipment	8,907,026	(1,170,599)	1,871,687	-	166,899	9,441,215	6,107,834	(909,478)	787,455	9,734	142,892	5,852,653	3,588,562
	72,123,265	**(1,367,098)**	**6,830,193**	**-**	**1,173,756**	**76,412,604**	**26,157,402**	**(1,055,307)**	**5,693,304**	**202,394**	**829,299**	**30,168,494**	**46,244,110**
Leased Assets													
Office Equipment	1,159,001	-	-	-	15,085	1,143,916	615,195	-	114,424	-	8,694	720,925	422,991
	1,159,001	**-**	**-**	**-**	**15,085**	**1,143,916**	**615,195**	**-**	**114,424**	**-**	**8,694**	**720,925**	**422,991**
Total: Property, Plant and Equipment	**3,321,987,938**	**(1,792,042)**	**60,295,536**	**29,374,274**	**28,188,406**	**3,381,677,300**	**1,572,775,183**	**(1,022,753)**	**67,919,147**	**202,394**	**19,344,713**	**1,620,529,258**	**1,761,148,042**

ANALYSIS OF INVESTMENT PROPERTY, INTANGIBLE AND HERITAGE ASSETS AS AT 30 JUNE 2014

	Cost/Revaluation						Accumulated Depreciation						
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	Carrying Value
Investment Properties	34,085,753	(976,356)	-	-	825,531	32,283,866	2,723,046	-	1,566,127	-	547,146	3,742,027	28,541,839
Intangible Assets	720,305	1,298,885	660,696	-	-	2,679,886	261,873	1,022,753	235,484	-	-	1,520,110	1,159,776
Heritage Assets	767,266	-	-	-	-	767,266	-	-	-	-	-	-	767,266
Total	**35,573,324**	**322,529**	**660,696**	**-**	**825,531**	**35,731,018**	**2,984,919**	**1,022,753**	**1,801,611**	**-**	**547,146**	**5,262,137**	**30,468,881**
Grand Total	**3,357,561,262**	**(1,469,513)**	**60,956,232**	**29,374,274**	**29,013,937**	**3,417,408,318**	**1,575,760,102**	**-**	**69,720,758**	**202,394**	**19,891,859**	**1,625,791,395**	**1,791,616,923**

APPENDIX C

SWARTLAND MUNICIPALITY
SEGMENTAL ANALYSIS OF ASSETS AT 30 JUNE 2014

	Cost/Revaluation						Accumulated Depreciation						
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	Carrying Value
Occupational Health and Safety	64,926	-	-	-	-	64,926	8,412	-	4,620	-	-	13,032	51,894
Administration Civil	211,610	-	36,979	-	-	248,589	49,008	-	36,094	-	-	85,102	163,487
Administration Development Services	1,394,023	-	16,421	-	6,486	1,403,958	507,897	-	96,947	857	5,473	600,228	803,730
Administration Corporate Services	4,361,970	-	12,920	-	65,180	4,309,710	2,963,646	(34)	362,682	5,427	52,721	3,279,000	1,030,710
Administration Financial Services	7,036,431	-	888,479	-	99,607	7,825,303	4,341,462	-	690,320	5,242	82,174	4,954,850	2,870,453
Administration Municipal Manag	27,137	-	1,453	-	-	28,590	8,670	-	4,755	-	-	13,425	15,165
Administration Protection Services	303,698	(300,000)	-	-	-	3,698	163,816	(162,000)	560	-	-	2,376	1,322
Building Control	16,542	-	38,383	-	-	54,925	3,190	-	4,590	-	-	7,780	47,145
Caravan Park - Yzerfontein	202,470	-	25,569	-	2,080	225,959	85,654	-	13,120	-	1,954	96,820	129,139
Cemetries	5,652,410	-	-	-	-	5,652,410	3,713,358	-	149,731	-	-	3,863,089	1,789,321
Community Development	105,483	-	955	-	4,771	101,667	21,056	-	3,232	224	4,209	20,303	81,364
Council	59,537	-	-	-	-	59,537	42,222	-	5,752	-	-	47,974	11,563
Planning and Valuation	16,254	-	33,367	-	-	49,621	12,553	-	3,061	-	-	15,614	34,007
Electricity Distribution	529,936,372	-	11,275,909	-	1,565,428	539,646,853	217,671,981	-	11,823,162	25,648	1,379,873	228,140,918	311,505,935
Fire Fighting	2,330,704	-	47,346	-	220,662	2,157,388	682,075	-	187,605	-	138,251	731,429	1,425,959
Housing	7,651,698	-	16,902,843	-	-	24,554,541	621,981	-	16,955	-	-	638,936	23,915,605
Human Resources	22,414	-	-	-	648	21,766	19,363	-	1,101	-	648	19,816	1,950
Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Services	2,333,238	-	1,304,592	-	7,858	3,629,972	1,226,545	-	349,511	-	7,166	1,568,890	2,061,082
Libraries	666,097	-	2,330,184	-	3,784	2,992,497	312,915	-	97,749	341	3,106	407,899	2,584,598
Licencing and Traffic Services	3,827,447	-	16,250	-	92,226	3,751,471	1,919,031	(654)	412,266	2,117	77,582	2,255,178	1,496,293
Multi- Purpose Centre	-	-	17,932	-	-	17,932	-	-	1,040	-	-	1,040	16,892
Municipal Property	364,997,438	(1,469,513)	4,894,452	-	858,849	367,563,528	194,024,784	-	7,441,689	-	578,825	200,887,648	166,675,880
Parks and Recreational Areas	8,439,055	300,000	1,153,663	-	134,862	9,757,856	3,361,819	162,000	497,907	-	64,504	3,957,222	5,800,634
Policing and Law Enforcement	719,577	-	336,115	-	-	1,055,692	61,670	-	124,864	-	-	186,534	869,158
Refuse Removal	38,979,181	-	2,984,838	-	266,036	41,697,983	13,951,350	-	1,404,490	-	156,220	15,199,620	26,498,363
Sewerage	618,891,335	-	5,603,224	29,324,178	25,506,546	628,312,191	261,639,623	-	9,185,208	104,173	17,186,709	253,742,295	374,569,896
Sportgrounds	52,716,326	-	963,473	50,096	-	53,729,895	30,603,740	-	1,372,886	-	-	31,976,626	21,753,269
Streets and Stormwater	1,067,852,773	-	9,001,957	-	125,761	1,076,728,969	485,612,971	688	25,826,056	-	111,238	511,328,477	565,400,492
Swimming Pools	21,034	-	-	-	-	21,034	16,865	-	1,158	-	-	18,023	3,011
Tourism	7,587	-	-	-	625	6,962	6,562	-	501	-	624	6,439	523
Town and Community Halls	92,855	-	48,829	-	8,000	133,684	25,597	-	10,881	-	7,514	28,964	104,720
Water Services	638,623,640	-	3,020,099	-	44,528	641,599,211	352,080,286	-	9,590,265	58,365	33,068	361,695,848	279,903,363
TOTAL	**3,357,561,262**	**(1,469,513)**	**60,956,232**	**29,374,274**	**29,013,937**	**3,417,408,318**	**1,575,760,102**	**-**	**69,720,758**	**202,394**	**19,891,859**	**1,625,791,395**	**1,791,616,923**

APPENDIX D

SWARTLAND MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Restated Actual Income R	2013 Restated Actual Expenditure R	2013 Restated Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
3,200,431	19,569,155	(16,368,724)	Executive and Council	3,719,132	21,839,320	(18,120,188)
122,571,658	51,296,865	71,274,793	Finance and Administration	172,370,262	83,925,508	88,444,754
1,976,874	8,441,161	(6,464,287)	Planning and Development	1,937,288	8,698,411	(6,761,123)
5,452,230	12,515,936	(7,063,706)	Community and Social Services	5,877,045	12,129,891	(6,252,846)
240,953	1,360,516	(1,119,563)	Housing	225,691	1,479,056	(1,253,365)
2,922,931	19,302,381	(16,379,450)	Public Safety	24,010,288	34,413,546	(10,403,258)
1,696,342	15,516,639	(13,820,297)	Sport and Recreation	1,486,370	14,384,731	(12,898,361)
-	-	-	Environmental Protection	-	-	-
30,651,890	24,834,087	5,817,803	Waste Water Management	35,776,436	31,964,430	3,812,006
25,731,655	21,806,297	3,925,358	Waste Management	27,328,559	22,704,611	4,623,948
4,049,885	48,945,193	(44,895,308)	Road Transport	4,508,517	50,132,350	(45,623,833)
36,875,368	41,813,620	(4,938,252)	Water	37,798,112	42,880,731	(5,082,619)
174,439,429	146,574,724	27,864,705	Electricity	184,063,222	154,304,602	29,758,620
409,809,646	**411,976,574**	**(2,166,928)**	**Sub Total**	**499,100,922**	**478,857,187**	**20,243,735**

APPENDIX E (1)

SWARTLAND MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
REVENUE					
Revenue from Non-exchange Transactions	**208,232,680**	**199,587,201**	**8,645,479**	**4.33**	
Taxation Revenue	**70,550,894**	**69,013,777**	**1,537,117**	**2.23**	
Property rates	70,550,894	69,013,777	1,537,117	2.23	
Transfer Revenue	**110,459,305**	**123,527,306**	**(13,068,001)**	**(10.58)**	
Government grants and subsidies: Operating	33,645,954	37,871,945	(4,225,991)	(11.16)	More expenditure incurred and grants received than expected.
Government grants and subsidies: Capital	41,255,861	48,374,361	(7,118,500)	(14.72)	More expenditure incurred and grants received than expected.
Unconditional Government grants	32,506,000	32,506,000	-	-	
Public Contributions and donations	2,000,000	4,775,000	(2,775,000)	(58.12)	The Bokomo road upgrade project not completed within the financial year in which the funds were received.
Other Contributions	938,590	-	938,590	100.00	Not budgeted.
Donated Property, Plant and Equipment	112,900	-	112,900	100.00	Not budgeted.
Other Revenue from non-exchange transactions	**27,222,481**	**7,046,118**	**20,176,363**	**286.35**	
Fines	23,734,390	4,039,205	19,695,185	487.60	Change in accounting policy and the introduction of GRAP 23.
Licences and permits	3,488,091	3,006,913	481,178	16.00	More licenses and permits were issued than expected.
Revenue from Exchange Transactions	**290,868,242**	**283,617,677**	**7,250,565**	**2.56**	
Operating Activities	**290,822,309**	**283,617,677**	**7,204,632**	**2.54**	
Service charges	250,966,781	254,061,729	(3,094,948)	(1.22)	
Rental of facilities and equipment	3,239,178	3,088,101	151,077	4.89	
Interest earned - external investments	12,933,876	10,819,689	2,114,187	19.54	Due to increase in interest rate.
Interest earned - outstanding debtors	1,813,429	1,275,963	537,466	42.12	Increase in outstanding debtors.
Income for agency services	2,725,004	2,538,888	186,116	7.33	
Gains on Disposal of Property, Plant and Equipment	540,262	200,000	340,262	170.13	More assets disposed due to aging than expected.
Other revenue from exchange transactions	18,603,779	11,633,307	6,970,472	59.92	Income realised more than expected due to several line- items realising more income than expected of which the following are examples: • Capital contributions; • Gain on Vesting of Properties; • Industrial Sewerage; • New Connections; and • Selling: Purified Sewerage Water.

APPENDIX E (1)

SWARTLAND MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 2014

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
REVENUE (continued)					
Sale of Land Inventories	**45,933**	**-**	**45,933**	**-**	
Revenue on sale of land	*169,355*	-	*169,355*	*100.00*	Not budgeted.
Cost of land sold	*123,422*	-	*123,422*	*100.00*	Not budgeted.
Total Revenue	**499,100,922**	**483,204,878**	**15,896,044**	**3.29**	
EXPENDITURE					
Employee related costs	128,760,377	129,941,021	(1,180,644)	(0.91)	
Remuneration of Councillors	7,702,905	7,526,430	176,475	2.34	
Debt impairment	18,912,919	10,747,792	8,165,127	75.97	Estimation of debt impairment higher than anticipated due to impairment on traffic fines implemented for the firs time this year.
Depreciation and Amortisation	69,720,758	73,826,227	(4,105,469)	(5.56)	
Asset impairment	202,394	1,000,000	(797,606)	(79.76)	Impairment less than expected
Repairs and maintenance	17,061,326	18,688,341	(1,627,015)	(8.71)	
Interest paid	15,107,407	15,095,574	11,833	0.08	
Bulk purchases	145,166,216	150,625,024	(5,458,808)	(3.62)	
Contracted services	3,352,498	3,428,489	(75,991)	(2.22)	
Grants and subsidies paid	1,974,647	2,083,420	(108,773)	(5.22)	
General expenses	61,773,662	69,900,595	(8,126,933)	(11.63)	Expenditure realised lower than anticipated due to several line- items that have been underspent of which the following are examples: • Housing Abbotsdale: Topstructure; • Planning: Municipal Flats; • Social and Economic Facilities; • Traffic Fines: Syntel; and • Westbank Rectification.
Loss on disposal of property, plant and equipment	9,122,078	1,788,000	7,334,078	410.18	Loss on disposals more than expected.
Total Expenditure	**478,857,187**	**484,650,913**	**(5,793,726)**	**(1.20)**	
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**20,243,735**	**(1,446,035)**	**21,689,770**		

APPENDIX E (2)

SWARTLAND MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2014

	2014 Actual R	2014 Under Construction R	2014 Total Additions R	2014 Budget R	2014 Variance R	2014 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
Executive and Council	1,731,263	-	1,731,263	1,713,770	17,493	1.02	
Finance and Administration	6,933,773	-	6,933,773	3,202,684	3,731,089	116.50	Properties vesting in councils' name not budgeted for.
Planning and Development	-	-	-	-	-	-	
Health	-	-	-	-	-	-	
Community and Social Services	122,958	-	122,958	126,390	(3,432)	(2.72)	
Housing	16,902,843	-	16,902,843	23,044,361	(6,141,518)	(26.65)	Streets and Stormwater project for Chatsworth did not realise as well as several savings on services for Abbotsdale low income housing project.
Public Safety	379,485	-	379,485	353,000	26,485	7.50	
Sport and Recreation	1,168,293	50,096	1,218,389	1,241,312	(22,923)	(1.85)	
Environmental Protection	-	-	-	-	-	-	
Waste Management	10,505,779	29,324,178	39,829,957	38,432,326	1,397,631	3.64	
Road Transport	8,951,498	-	8,951,498	9,018,545	(67,047)	(0.74)	
Water	2,984,431	-	2,984,431	3,098,200	(113,769)	(3.67)	
Electricity	11,275,909	-	11,275,909	11,300,000	(24,091)	(0.21)	
Other	-	-	-	-	-	-	
	60,956,232	**29,374,274**	**90,330,506**	**91,530,588**	**(1,200,082)**	**(1.31)**	

APPENDIX F

SWARTLAND MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		September	December	March	June	September	December	March	June	September	December	March	June		Yes / No
ACIP Water Conservation	National Department of Water Affairs	-	-	-	-	-	-	-	2,827,000	-	-	-	-	None	Yes
Broadcasting Booth Gene Louw	Provincial Department of Cultural Affairs and Sport	150,000	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Cleanest Town	Provincial Department of Environmental Affairs and Development Planning	-	-	-	-	-	-	-	61,650	-	-	-	-	None	Yes
Community Development Workers	Provincial Department of Local Government	-	-	-	-	8,860	-	-	-	-	-	-	-	None	Yes
Compliance Management	Provincial Department of Local Government	-	55,800	-	-	55,800	-	-	-	-	-	-		None	Yes
Energy Efficiency And Demand Sufficiency	National Department of Energy	421,700	2,000,000	2,578,000	-	-	124,000	4,006,728	868,971	-	-	-	-	None	Yes
Equitable Share	National Department of Cooperative Governance and	13,544,000	10,835,000	8,127,000	-	13,544,000	10,835,000	8,127,000	-	-	-	-	-	None	Yes
Extended Public Works Programme	National Department of Public Works	400,000	300,000	300,000	-	155,749	157,026	687,225	-	-	-	-	-	None	Yes
Financial Management Support Grant: Annual Report	Provincial Department of Finance	-	-	200,000	-	-	-	49,700	129,186	-	-	-	-	None	Yes
Financial Management Support Grant: Asset Register	Provincial Department of Finance	-	-	-	-	61,176	3,890	85,826	68,560	-	-	-	-	None	Yes
Financial Management Support Grant: Standards	Provincial Department of Finance	-	-	-	-	173	-	-	-	-	-	-	-	None	Yes
Financial Management Support Grant: Tarrif Modelling	Provincial Department of Finance	-	-	-	-	-	53,017	85,584	-	-	-	-	-	None	Yes
Fire Damaged Houses	Provincial Department of Human Settlements	-	140,306	-	-	110,872	-	-	110,621	-	-	-	-	None	Yes
Greenest Town	Provincial Department of Environmental Affairs and Development Planning	-	-	50,000	-	-	-	-	-	-	-	-	-	None	Yes
Housing Abbotsdale	Provincial Department of Human Settlements	3,637,156	13,811,769	16,024,702	2,715,750	4,634,337	7,647,249	12,090,632	14,338,715	-	-	-	-	None	Yes

APPENDIX F

SWARTLAND MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003(continued)

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		September	December	March	June	September	December	March	June	September	December	March	June		Yes / No
Housing Consumer Education Grant	Provincial Department of Housing	-	-	-	-	-	-	-	820	-	-	-	-	None	Yes
Library	Provincial Department of Cultural Affairs and Sport	1,781,668	1,666,666	1,665,666	-	995,672	1,316,135	1,280,467	1,521,727	-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury	1,300,000	-	-	-	275,064	261,558	305,347	458,162	-	-	-	-	None	Yes
Municipal Infrastructure Grant	National Department of Cooperative Governance and Traditional Affairs	2,000,000	7,000,000	8,395,000	-	-	5,142,810	5,517,575	6,734,615	-	-	-	-	None	Yes
Municipal Systems Improvement Grant	National Department of Cooperative Governance and Traditional Affairs	890,000	-	-	-	180,423	159,198	330,288	284,194	-	-	-	-	None	Yes
Netball Courts		-	-	-	-	14,235	-	-	-	-	-	-	-	None	Yes
Pedestrian Pathways Darling	Provincial Department of Transport and Public Works	-	-	508,000	-	39,680	34,665	59,051	374,603	-	-	-	-	None	Yes
Proclaimed Roads Subsidy	Provincial Department of Transport and Public Works	-	-	178,000.00	-	-	178,000	-	-	-	-	-	-	None	Yes
Sondeza	Provincial Department of Local Government	-	100,000	-	-	19,175	80,824	-	-	-	-	-	-	None	Yes
State Funeral Madiba: Travelling Costs	Provincial Department of the Premier: Western Cape	-	100,000	-	-	-	68,860	31,140	-	-	-	-	-	None	Yes
Wesbank Rectification	Provincial Department of Local Government	-	814,980	-	-	814,980	-	-	-	-	-	-	-	None	Yes
Total		**24,124,524**	**36,824,521**	**38,026,368**	**2,715,750**	**20,910,196**	**26,062,232**	**32,656,563**	**27,778,824**	**-**	**-**	**-**	**-**		

*** Reasons for non- compliance**

No expenditure was incurred in this financial year. The funding will be utilised in the next financial year.